Austria	Sch30	Indonesia	Rp3100	Pakistan	Rs35
Bahrain	Din0.900	Iran	Rls210	Philippines	Peso40
Belgium	BFr60	Israel	Shk4.50	Poland	Zl 15,000
Cyprus	C£1.00	Italy	L2200	Portugal	Es175
Czech	Kcs35	Jordan	JD1.20	Qatar	QR10.00
Denmark	DKr15	Korea	Won 2800	S.Arabia	SR8.00
Egypt	E£3.50	Kuwait	Fils.500	Singapore	S$4.10
Finland	FM8.50	Lebanon	L£1,000	Spain	Pta175
France	FFr8.00	Lux	LFr60	Sweden	SKr13
Germany	DM3.00	Morocco	MDh10	Switz	SFr2.70
Greece	Dr200	Neth	Fl 3.50	Thailand	Bt50
Hungary	Ft145	Nigeria	Naira15	Tunisia	Din0.800
Iceland	IKr180	Norway	NKr12.00	Turkey	L5000
India	Rs20	Oman	OR1.20	UAE	Dh8.00

EUROPE'S BUSINESS NEWSPAPER

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BRAZIL

Coming in from the cold

Page 6

World News

UK premier angers China with human rights speech

British prime minister John Major, in China for talks on Hong Kong, yesterday delivered an uncompromising attack on his hosts' human rights record.

He told Chinese premier Li Peng that Britain intended to keep up pressure for the release of political dissidents and other detainees. Mr Li riposted with a reminder of Britain's inglorious human rights record during its intervention in China last century. Page 18; Background, Page 4; Citic deal, Page 19

Brazil plan rejected

Brazilian state governors have refused to back President Fernando Collor de Mello's plans for radical constitutional change. Page 6

Marcos fraud charges

The Philippines brought fraud charges against Imelda Marcos, wife of the country's former dictator, accusing her of spending over $25m of public money on personal items. She already faces over 30 tax evasion and corruption counts.

Kashmir clashes end

India's army said shooting had stopped after a week of artillery clashes with Pakistan in the border region of Kashmir. The truce followed talks between army commanders.

Iraqi parties

Iraqi president Saddam Hussein ratified a law allowing the formation of political parties – but it will not legalise Kurdish and Shia factions.

Turk spied for Iraq

A Turkish military court jailed restaurant cashier Necato Oyan for 12½ years after he admitted taking money to spy for Iraq.

Malaysian crash

A Malaysian charter aircraft with 20 people aboard crashed in jungle on the island of Borneo. Six people were rescued.

Archbishop murdered

Retired French archbishop Yves Plumey, 79, the first Roman Catholic bishop sent to Cameroon, was murdered at his home north of Yaounde. Police blamed robbers.

Fire sweeps factory

At least 20 people were killed when fire ripped through a chicken processing factory in Hamlet, North Carolina. About 100 other workers were still unaccounted for.

Change at Greenpeace

David McTaggart, 59, chairman of Greenpeace, retired after 12 years as head of the international environment group. His successor is Finnish lawyer Matti Wuori.

Rebellion call

Supporters of exiled Lebanese Christian general Michel Aoun circulated leaflets urging rebellion against the Syrian army and the Lebanese government of President Elias Hrawi.

E German executions

Dozens of East Germans said to have died of heart failure in state prisons in the 1950s were in fact guillotined or shot, German prosecutors said.

Ershad trial opens

Former Bangladeshi president Mohammad Ershad went on trial in Dhaka accused of stealing money through the purchase of aircraft in 1989.

UK city riots

Urgent police reports were ordered after rioting in three British cities. Since Friday, police and youths have clashed in Cardiff, Oxford and Birmingham. Page 7

A wonderful life

Award-winning moviemaker Frank Capra, best known for his film classic *It's a Wonderful Life*, died at his Californian home aged 94.

Business Summary

Dresdner Bank and BNP agree share plan

Dresdner Bank, Germany's second largest bank, and Banque Nationale de Paris, France's largest state-owned bank, are about to complete a wide-ranging collaboration agreement which will involve cross-shareholdings of around 10 per cent.

The two banks will shortly present their proposals to the European Commission in Brussels – possibly in a few weeks – and to shareholders. Page 20

JAPAN may act against investors as well as stockbrokers over compensation payments for trading losses. Finance minister Ryutaro Hashimoto will present legislative changes to parliament dealing with compensation payments and with other recently discovered wrongdoings including links between securities companies and gangsters. Page 18. Private investors alienated, Page 19

CITIC PACIFIC, Hong Kong listed arm of Peking's China and International Trust and Investment Corporation (Citic), is heading a consortium which is set to win control of Hang Chong Investment, a trading and agency group which is one of Hong Kong's largest unlisted companies. Page 19

RHONE-POULENC, France's largest chemicals group, reported a 54.4 per cent fall in first-half net profits to FFr991m ($186.2m) after lower asset sales in the second quarter. Page 19

PENTLAND GROUP, British sports shoe concern, may raise its stake in Germany's Adidas sportswear company beyond its present 35.05 per cent. Page 19

ASCOM, Swiss telecommunications and automation group, reported a 2.7 per cent advance in first-half sales to SFr1.39bn ($909m). First-half profits were not disclosed. Page 26

HUNGARY is to sell 45,000 tonnes of surplus wheat to the European Commission, which will give it to food-short Albania. Page 30

CHRISTIANIA BANK: the Oslo Stock Exchange has criticised the former management of Norway's second biggest bank for inaccurately reporting credit losses. Page 22

PHILIP MORRIS, US cigarette maker and the largest private buyer of Turkish tobacco, has won Turkish government approval for a $480m joint venture investment to produce its Marlboro brand in Turkey. Page 4

CONTINENTAL AIRLINES, the US carrier which has operated under bankruptcy court protection since December, has held "very preliminary" talks with an investment group headed by H. Ross Perot. Page 22

STATOIL, the Norwegian state oil company, has signed a letter of intent to acquire a 35 per cent stake in Mabanaft, a subsidiary of Germany's Marquard & Bahls, which has annual sales of 260,000 tonnes of crude oil products, mostly gasoline and gas oil. Page 22

MACHINE tool-makers in Japan are facing a slowdown. Orders are down for the seventh successive month and companies are braced for lower sales and smaller profits. Page 21

DAIICHI Corporation, financially troubled core company of Japan's Daiichi Real Estate group, is being restructured after being hit by a downturn in property prices, higher interest rates and a weak stock market. Page 21

AUSTRALIA cut interest rates by a full percentage point to 9.5 per cent, surprising financial markets, which had expected an easing of half a point. Page 4

EC calls weekend peace conference on Yugoslavia

By David Gardner in The Hague and **Laura Silber** in Belgrade

THE European Community yesterday called a peace conference to try to settle Yugoslavia's worsening ethnic conflict. It is scheduled to start this Saturday in The Hague.

The Community's first attempt to settle an international crisis will be chaired by Lord Carrington, the former UK foreign secretary and Nato chief who presided over the 1979 Lancaster House negotiations which ended Zimbabwe's civil war.

The conference follows Monday morning's acceptance by all the Yugoslav combatants of a ceasefire, the extension of EC monitoring to the areas of Croatia disputed between Serbs and Croats, and the disengagement of the contending forces.

As violent clashes continued in Croatia yesterday, Mr Hans Van den Broek, foreign minister of the Netherlands, which currently holds the EC presidency, said they underlined the urgent need for independent monitoring of the ceasefire agreement he secured at the weekend in Belgrade.

At least three civilians were killed, including a 13-year-old girl who died when her home on the outskirts of Osijek was hit by mortar fire.

Four soldiers and several civilians, including three children, were killed in fighting overnight in Petrinja, 50km south of the Croatian capital Zagreb site of the republic's biggest food processing plant.

Mr van den Broek said: "There are many versions about who is responsible and this is bound to continue without impartial control." He announced that a team of 200 monitors, from the EC and four countries from the 35-nation Conference on Security and Co-operation in Europe, would start arriving in Zagreb tomorrow. He warned that they would remain in the Croatian capital until their safety was sure. While no one would say so yesterday, it is a precondition for the conference to go ahead that a ceasefire sufficient to reverse the escalating violence of the past month be in force by Friday, when the Twelve meet in Brussels.

The conference was brought forward from September 16 to maintain the momentum generated by Monday's agreement. The accord marked the first time that Mr Slobodan Milosevic, the Serbian president, has agreed to full EC mediation.

The three premises on which the conference is based are:

- Yugoslavia's internal borders cannot be changed by force;
- rights of minorities in the republics, such as Serbs in Croatia, must be guaranteed;
- and "full account [is] to be taken of all legitimate concerns and legitimate aspirations."

After endorsement of these principles at The Hague on Saturday by the conference participants, the conference will break into working groups.

EC forces the pace, Page 18
Fair deal, Page 17

Republics agree to Gorbachev demand for two-tier structure

Soviets rethink union policy

By John Lloyd in Moscow

MR Mikhail Gorbachev, the Soviet leader yesterday withdrew plans proposed on Monday to give the republics political supremacy and instead sought support for a new proposal which would retain some union structure.

Mr Gorbachev, who finally took the podium at the second session of the Congress of Peoples Deputies, withdrew a controversial proposal to set up a transitional parliament of republics and called on the deputies to save the union from oblivion.

The new proposals would retain a Supreme Soviet, but with one chamber nominated by the republican parliaments and one directly elected.

He said the leaders of the 10 republics, who on Monday had jointly proposed the transitional Council of Representatives with him, had agreed to drop this element.

He won the backing of Mr Boris Yeltsin, the Russian leader, who also said he was sure that 14 of the 15 Union republics would sign the earlier-proposed economic agreement.

In a sop to deputies angered that some of the earlier plans would give republics full control of federal bodies, Mr Gorbachev said the Supreme Soviet could continue to exist as a law making body for the transitional period until a new constitution was signed.

The latest formula, rushed out by the Soviet president and the ten republican leaders who are now co-operating to push through new federal structures, would retain some element of all-union representation – and implies immediate elections to the new body.

It leaves unclear, however, which republics would participate in such elections, and the announcement gave the impression of a hurried policy change in response to complaints of unconstitutionality and lack of sufficient influence for Russia in the council of representatives.

Testimonial: Boris Yeltsin (left) told deputies yesterday: "I trust Mikhail Gorbachev more now than three weeks ago"

Mr Gorbachev pleaded with the republics – all of which, except Russia, have now announced some form of independence – to agree to a new union treaty in which they could be federative, confederative or associate members. "Let this union be really voluntary so that it meets differing interests", he said.

Mr Yeltsin sought in a short speech during the morning session to calm fears that his republic would use its stock of moral capital and economic power to predominate in any union which might be agreed.

"The Russian state, which has chosen democracy and freedom, will never be an empire, neither a younger nor an older brother. It will be an equal among equals."

As he was speaking, Mr Yuri Shcherbak, the Ukrainian environment minister, was telling reporters that he feared the renewed imperialism that Mr Yeltsin disavowed.

Mr Yeltsin squarely blamed Mr Gorbachev for laying the conditions for the coup by promoting and encouraging hardliners in his government. However, he said: "I personally trust Mikhail Sergeyevich Gorbachev more now than, for example, three weeks ago."

The Russian leader later said in a television interview that the other republics in which nuclear weapons were sited – Ukraine and Kazakhstan – were working on an accord under which they would be returned to Russia, where most are now based. He said: "We need to continue our work to eliminate all nuclear weapons" - echoing an earlier position taken by the Soviet president.

Continued on Page 18;

US space threat; German stance on aid, Page 2
Help for minorities, Page 17

Germans back Dutch proposals on Emu entry

By David Buchan in Brussels

GERMANY yesterday put its weight behind new Dutch proposals that would require European Community members to meet tough inflation, budgetary and monetary targets before joining a European currency union.

The proposals, discussed for the first time yesterday by representatives of EC finance ministers, drew criticism from several southern countries. Many are worried they will be unable to meet the strict conditions required for economic and monetary union (Emu).

The UK, which has stressed the need for economic convergence to precede monetary union – about which it has strong political reservations – also backed the proposals. Its specific concern – that the UK parliament be allowed to decide later on any eventual British participation – is, for the first time, explicitly catered to in the draft Emu treaty.

The Dutch text says: "Member states which fulfil the [convergence] conditions shall decide whether they will participate in stage three [of Emu]."

The prospect of a two-speed move to Emu is further enhanced by the Dutch suggestion that Emu could start when only six states were economically and politically ready, rather than the eight earlier proposed by Luxembourg.

The Dutch draft, which will go to finance ministers for discussion next Monday, proposes that the transitional stage two (starting in 1994) is reviewed by end-1996 and suggests that no state should be eligible to

Continued on Page 18

Commerzbank talks with Crédit Lyonnais collapse

By Andrew Fisher in Frankfurt

TALKS on joint shareholdings between Commerzbank and Crédit Lyonnais have foundered over differences of banking policy and management style between the German commercial bank and the French state-owned institution.

Commerzbank has made clear in recent weeks that it was uneasy about plans which would have led to it taking a 7 per cent stake in Crédit Lyonnais, which would in turn have bought 10 per cent of the German bank.

The German bank had intended originally to make a statement on the ending of talks at the Bangkok meeting of the International Monetary Fund (IMF) next month.

News of the failed negotiations coincided yesterday with an announcement that Dresdner Bank and the French state-owned Banque Nationale de Paris (BNP) were well on the way to agreement on cross-holdings and further limited co-operation.

Commerzbank, Germany's third largest bank, has taken a more sober approach to the question of co-operating with Crédit Lyonnais since Mr Martin Kohlhaussen succeeded Mr Walter Seipp as chief executive in June.

The French bank recently opened a further German branch in Baden-Baden, indicating that a joint holding would not hinder it from expanding on the other bank's territory. The German bank has made no statement yet about the ending of talks with Crédit Lyonnais, which was still saying yesterday it hoped for an eventual shareholding agreement with Commerzbank.

Mr Seipp and Mr Kohlhaussen have stressed that the bank could easily go it alone if no deal was signed by the end of this year.

Mr Stephen Lewis, banking analyst with Salomon Brothers, said discussions between Commerzbank and Crédit Lyonnais had looked like going sour over lack of compatibility in strategy and corporate culture and because the German bank did not want to be pulled into other ventures as it was investing in eastern Germany and beyond.

Crédit Lyonnais has expanded its foreign operations and lending considerably. The French bank's group lending grew by more than 80 per cent in the four years to 1990. One if its more controversial activities has been its lending to the US film industry, where its exposure is estimated at around $2.5bn.

Unlike Dresdner and BNP, Commerzbank and Crédit Lyonnais have no mutual board representation. Also, Dresdner is understood to be less disconcerted by BNP's more restrained style and to feel its activities in east Germany and eastern Europe will not be overridden by the demands of expansion elsewhere.

Dresdner and BNP already have an operation in Hungary, are setting up in Czechoslovakia, and plan a venture in Poland.

Share plan, Page 20

CONTENTS

Marathon man Mitterrand shows signs of weakness

The initial response of the 74-year-old French president to news of the Soviet coup, has led many to question his political judgment and is still occupying the attention of the national media

Page 16

MARKETS

STERLING
New York lunchtime: $1.6942
London: $1.692 (1.685)
DM2.945 (2.94)
FFr10.0 (9.9925)
SFr2.5825 (2.5825)
Y230.0 (230.25)
£ Index 91.0 (90.8)

GOLD
New York: Comex Dec $352.9 (355.7)
London: $348 5 (348.05)

N SEA OIL (Argus)
Brent $20.5 (−0.125)

Chief price changes yesterday: Page 19

DOLLAR
New York lunchtime: DM1.7355
FFr5.899
SFr1.5215
Y136.88
London: DM1.74 (1.7455)
FFr5.91 (5.93)
SFr1.527 (1.533)
Y135.95 (136.7)
$ index 66.3 (66.6)
Tokyo close: Y136.84

US lunchtime rates
Fed Funds: $5\frac{11}{16}$% ($5\frac{7}{8}$)
3-mo Treasury Bills: 5.479% (5.44)
Long Bond: $100\frac{3}{4}$ ($101\frac{3}{16}$)
yield: 8.052% (8.0)

STOCK INDICES
FT-SE 100: 2,669.0 (−10.6)
FT Ordinary: 2,096.4 (−11.9)
FT-A All-Share: 1,280.51 (−0.2%)
New York lunchtime: DJ Ind. Av. 3,046.96 (+3.36)
S&P Comp 395.12 (−0.31)
Tokyo: Nikkei 22,469.8 (+0.79)

LONDON MONEY
3-month Interbank: $10\frac{5}{8}$% ($10\frac{3}{4}$)
Liffe long gilt future: Dec $94\frac{25}{32}$ ($94\frac{11}{16}$)

EBRD fixes focus for technical assistance

By Peter Norman, Economics Correspondent

THE European Bank for Reconstruction and Development (EBRD) yesterday adopted a plan of action for its operations in the Soviet Union this year that will focus on the provision of technical expertise.

A meeting of the EBRD board, which was attended by a delegation from the Soviet Union and the Russian Federation headed by Mr Ernest Obminsky, the Soviet deputy foreign minister, decided to concentrate technical assistance in the areas of privatisation, the financial sector, agricultural distribution systems and energy.

The bank, which was set up earlier this year to help the emerging democracies of eastern Europe develop market-based economies, also announced that it will take immediate steps to establish an office in Moscow.

A statement issued after the meeting made no reference to recent suggestions for an increase in the bank's limited ability to lend to the Soviet Union and it is understood that this issue did not figure on yesterday's agenda.

Although the European Community favours increasing the EBRD's lending capacity, the US, Japan and some other members of the bank are opposed.

The bank's action plan stresses the importance of training Soviet managers in how to privatise companies and how to develop a financial services industry. The bank is also providing advice on privatisation to the governments of the republics and municipalities.

Bonn takes harder line on Soviet aid

By Quentin Peel in Bonn

MR Theo Waigel, the German finance minister, yesterday warned strongly against fragmentation of the Soviet Union, and called for guarantees that existing Soviet debts be met.

While arguing for generous western assistance for the democratisation process in the Soviet Union, he admitted that it would only be possible to begin when three preconditions were fulfilled: adoption of the structures of a market economy; guarantees of the repayment of existing loans and working out a joint economic adaptation plan with the *IMF and World Bank*, to guarantee the stability of the currency and strict control of public finances.

His statement amounts to a considerable hardening in the German position, although he promised rapid preparation of plans for co-ordinated food aid, and medical assistance, in the coming months.

● The west needs to study the idea of a payments system to revive trade among the countries of the former Soviet bloc and to help integrate them into the world economy, Mr Pierre Bérégovoy, French finance minister, said, Reuter adds from Paris.

● Russia and Poland signed an economic pact yesterday to halt a drastic collapse in trade, Reuter writes from Moscow.

Swift reversal saves the Union from oblivion

By John Lloyd in Moscow

THE Supreme Soviet, and with it some notion of the Soviet Union, appears to have been saved from oblivion.

In his sudden, almost throwaway, announcement to the Congress of People's Deputies yesterday, President Mikhail Gorbachev has, it seems, revived an institution which would draw its elective mandate from the Union. He has thus continued the constitutional life of the Supreme Soviet, albeit in a new form. He also seems to have ceded to demands that Russia be given power more commensurate with its size.

The precise import of his announcement is, as is now commonplace, still unclear. But what Mr Gorbachev told the Congress yesterday appears to be this.

The Council of Representatives originally proposed to the Congress on Monday – which was to act as a kind of transitional parliament, made up of 20 representatives from each republic, until a constitution is signed – will not now be formed.

Mr Gorbachev said that in discussions with the 10 republican leaders who are now co-operating with him in trying to preserve some form of a union, the question of its legislative powers was "repeatedly raised". They seem to have decided that it could not, constitutionally, be a legislative chamber – although Mr Sergei Alexeyev, the Constitutional Compliance Committee chairman, had earlier said it could.

As a result, the Soviet and republican leaders have fallen back on another model: not the old Supreme Soviet, but a revamped Supreme Soviet as described in the Union Treaty - which was to have been signed on August 20.

This is conceived of as a two-chamber legislature, with the upper, and superior, chamber being the Council of the Republics. The members of this council will be delegated by the union republics – and by the autonomous republics, regions and areas that exist within the union republics, especially within Russia.

The draft treaty says that the distribution of seats in the new upper chamber will be the same as for the Council of Nationalities in the present Supreme Soviet – 11 each from union republics, four each from autonomous republics, two each from autonomous regions and one each from autonomous areas.

The second chamber is the Council of the Union, elected on a territorial basis across the Soviet Union from constituencies of equal population - which means that Russia has over half the votes.

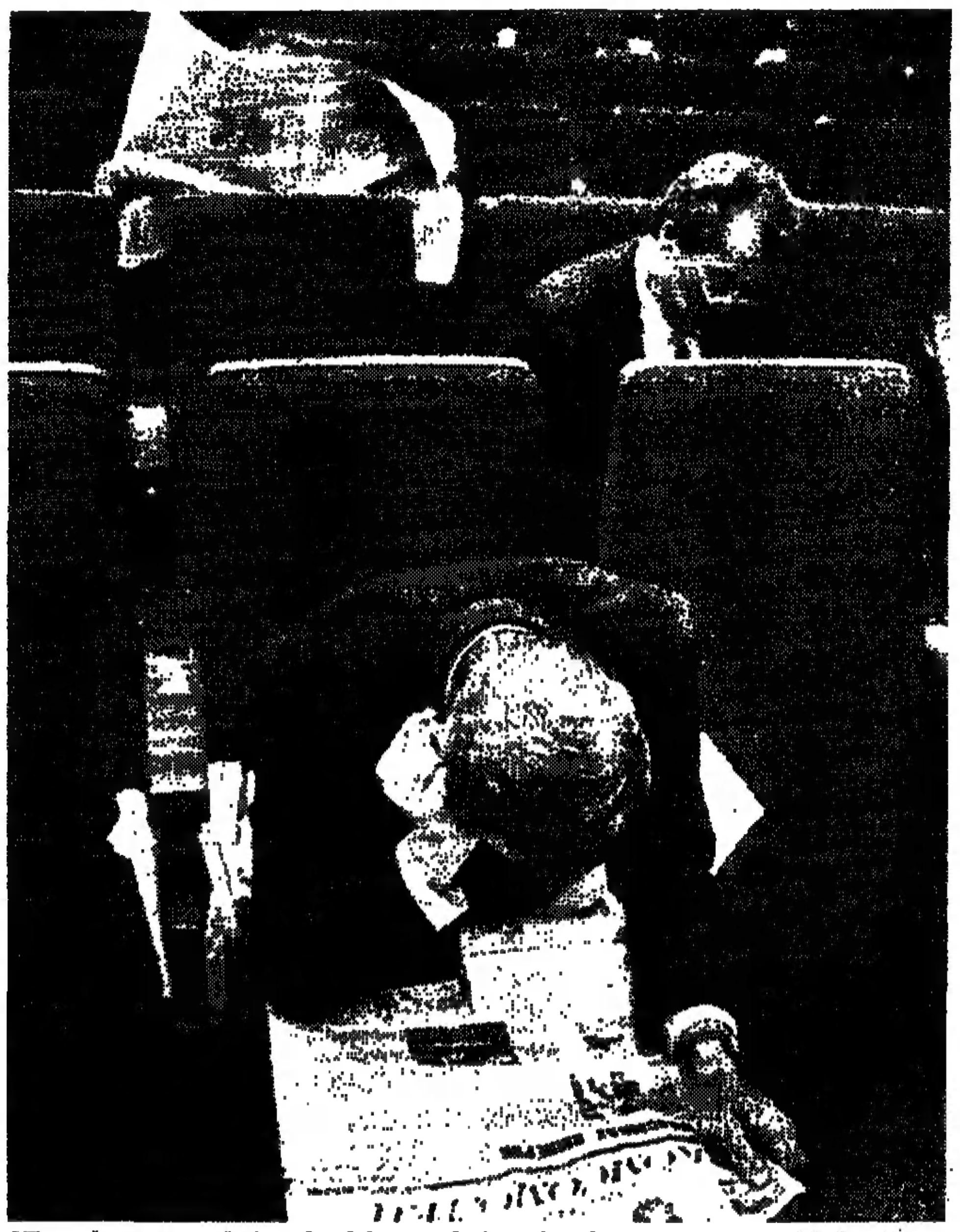
In the draft treaty, the houses are given responsibility for jointly taking many key decisions. The Council of the Republics would take the remaining major ones – such as legislating on the shape and function of the federal authorities and supervising inter-republican relations. Laws enacted by the Council of the Union would also have to be ratified by the Council of the Republics.

This would mean that Russia would have a majority in one house and a substantial minority in the other – through its own votes and those of the autonomous republics, regions and areas on its territory which would, in most cases, vote with it. This answers the complaint made by many Russian deputies that the Council of Representatives, with 20 votes to each republic, took no account of Russia's importance.

It also answers the complaints voiced on the floor of the Congress yesterday that the abolition of the present Congress of Peoples Deputies and the Supreme Soviet violated the constitution.

In addition, the new proposals also address the objections by the autonomous republics that they had no representation on the Council of Representatives.

Adding to the pressure for change was the conclusion of a joint meeting of the committees on legislation and constitutional supervision, released last night, which said that the law-making function of the Supreme Soviet should be preserved in the transitional period until a constitution is signed.



MPs read newspapers during a break in yesterday's session of the Congress of People's Deputies

Baltics take first step to membership of UN

By Leyla Boulton in Moscow, Gillian Tett in Vilnius, Chrystia Freeland in Kiev and agencies

THE THREE breakaway Baltic republics yesterday took the first step to United Nations membership, as Britain and France presented formal applications to the UN secretary-general on their behalf.

The requests by Estonia, Latvia and Lithuania must still be submitted to the UN Security Council and approved by a two-thirds vote of the General Assembly.

Mr Aleksander V. *Denisov*, Soviet mission spokesman, said the Soviet Union would not block membership for the Baltics. "On the contrary, we will support it," he said.

The request to Mr Javier Pérez de Cuéllar asked that admission be given immediate attention so that the Baltics could participate in the 46th General Assembly session, which begins on September 17.

The move came as the Soviet Congress of People's Deputies put off until today a key vote on whether to recognise the independence of the three republics.

Although they have been recognised as independent by most western countries and by the Russian Federation of Mr Boris Yeltsin, they have still to receive an official "exit visa" from the Soviet Union.

The Congress – still formally the supreme law-making body in the Soviet Union – could provide such recognition, but there are fears that the anti-secessionist "Soyuz" (Union) group may muster enough votes to block the two-thirds majority necessary for a constitutional change.

A draft resolution also due to be debated today calls on the Congress to recognise the declarations of sovereignty issued over the past year by *every single Soviet republic*.

Representatives from all three Baltic republics will today arrive in Moscow to observe the talks between the Soviet republics on future economic ties within the Union.

The presence of the Baltic representatives suggests that, however keen the Baltics are to assert political independence, they are increasingly realistic about the need to retain economic ties with the remains of the Soviet Union.

"Sorting out the political and legal issues [about the Baltics] could take a long time at the Congress. But economic relations have to be decided right away," explained Mr Vytas Navickas, the Lithuanian representative at the discussions.

In other developments around the republics yesterday:

● The parliament of the Ukraine approved the appointment of the republic's first defence minister, General Konstantin Morozov. The move underscores the republic's determination to form its own national guard, place Ukrainian soldiers on all its borders, and take control of those units of the Soviet army stationed in the Ukraine.

Meanwhile, the Transdniestrian republic, a breakaway region in western *Moldova*, asked a western Ukrainian provincial government to help it leave Moldova and join the Ukraine. Before the failed coup, the republic was a conservative bastion which *insisted* on the preservation of the Soviet Union. Now that the Union is falling apart the Russian-speaking but predominantly ethnically Ukrainian Transdniestrians have rediscovered their roots and are clamouring to join the Ukraine.

The Ukrainian government has turned down their request, explaining that none of the borders between republics should be altered. This principle is particularly important for the Ukraine.

● Azerbaijan rejected as unconstitutional the decision of the mainly Armenian enclave of Nagorno-Karabakh to declare its independence.

Nagorno-Karabakh, where 800 people have been killed in bloody ethnic clashes over the past three years, declared itself independent on Monday, taking with it the neighbouring Shaumyan district to the north, as the "Nagorno-Karabakh Armenian Republic".

Workers in Azerbaijan yesterday ignored a call by the southern republic's nationalist opposition for a general strike, local journalists said.

Raisa relives three days of fear

By Leyla Boulton in Moscow

MR Mikhail Gorbachev and his family have always been known to enjoy a lifestyle which the ordinary Soviet family could only dream about. But for three agonising days they were subjected to the fear and oppression which has gripped the Soviet nation for seven decades.

This is what emerges from Mrs Raisa Gorbachev's first interview since she suffered an attack of high blood-pressure, which affected her speech, on the day the coup collapsed.

She said she had feared that coup leaders, who claimed her husband was too sick to rule, were flying to their villa in the Crimea to harm the family rather than to give themselves up.

"I thought that they could take measures to turn their lies into reality [and that] a tragic ending could happen very quickly," Mrs Gorbachev told Trud, the trade union newspaper.

She also revealed that, during their captivity, the Gorbachevs *took long* walks within the confines of their villa compound in the hope that outsiders would see Mr Gorbachev was not too ill to rule, and had been overthrown.

They also talked on the balcony for fear of bugging - a well-entrenched KGB practice which may now be abandoned with the reforms promised by the security agency's new chairman.

"Our bodyguards recommended that we not talk too freely in the rooms," she said.

For fear of being poisoned, the Gorbachevs ate only food bought before they were put under house arrest.

In *explaining* why, *despite* the coup leaders' attempt to isolate them, they happened to have a pocket radio with them, Mrs Gorbachev said that the Soviet president did his own shaving. This surprised her interviewer, since the president's predecessors used the services of the Kremlin barbers.

"When Mikhail Sergeyevich shaves in the morning, he likes to listen to 'Mayak' [radio station]," she said.

Mrs Gorbachev, criticised early in her husband's rule for playing too public a role as first lady, has been seen by many ordinary Soviet people as remote and luxury-loving. News that she shopped during trips abroad with an American Express gold card did little to help her image.

In her interview, she still appeared somewhat stiff, always referring to her husband by his name and patronymic, or as "the president of the USSR".

But she said she read Trud regularly, despite the fact that it is seen as working class, and she claimed she was a woman of the people.

"I feel and undergo everything which is endured by each of our citizens. I am part of this society, and these are not just words."

US may end Soviet space deal ban

By George Graham in Washington

THE US government is considering relaxing its restrictions on the launch of US satellites by Soviet rockets.

This move could open the way for the Soviet space programme to start marketing its services around the world.

Soviet efforts to break into the market for commercial satellite launches has been inhibited by the fact that US regulations forbid the export of such high technology items to countries like the Soviet Union for reasons of national security.

A large proportion of the world's satellites are either owned or made by the US. Washington has refused to allow satellites to be shipped to the Soviet Union, even for the short period necessary for a launch into orbit.

The rules have been relaxed in the past, however, to allow US payloads to be lifted into space by the Chinese Long March rocket.

The world satellite launching market is dominated by Arianespace, the European consortium, in competition with General Dynamics and McDonnell Douglas of the US.

Increased Soviet access to the world satellite market is likely to meet stiff opposition. Commercial launchers like Ariane complain that the Soviet and Chinese programmes can undercut them because their prices bear no relation to their costs nor to market reality.

Soviet space officials have periodically proposed their services to the US, notably offering their huge Energia rocket as a heavy launch vehicle.

They have also sold seats on their space flights to astronauts from other countries, most notably a grumpy Japanese journalist whose television station paid \$12m (£7.1m) for the privilege.

The National Aeronautics and Space Administration (Nasa) has an agreement to co-operate with the Soviet space agency in space sciences. The two agencies fly instruments on each other's space vessels and pool data in a number of areas. However, the Soviets have never made any formal commercial offer to Nasa.

Efforts to market Soviet space capabilities for hard currency, including the orbiting space station Mir, may intensify now that the country's increasing economic difficulties are putting pressure on the space budget.

The space programme has already been scaled back, but Mr Boris Yeltsin, the Russian Federation president, has complained that too much is spent on space exploration at a time when the country's standard of living is so low.

The commander of the US army in Europe said yesterday that Soviet instability rather than Moscow's war machine was now Nato's biggest concern, Reuter reports from Cologne.

General Crosbie Saint, greeting troops arriving for manoeuvres in Germany, said the upheaval in the Soviet Union made it all the more important for the alliance to unite and for the US to support its European partners.

Baltics set to share pre-1940s secret fund

By Peter Marsh

THE Soviet Union's three Baltic republics look likely to share in a windfall payment of several tens of millions of dollars as the prize for regaining their independence.

Latvia, Estonia and Lithuania would divide between them cash which has been piling up in a Swiss bank account for the past 52 years, ever since their assets were seized by the Soviet Union at the time of the communist takeover at the outbreak of the Second World War. The money has been controlled over this time by the Bank for International Settlements, the Basle-based central bankers' bank set up in 1930.

The three Baltic states were among the 21 founder members of the bank, and since the Soviet takeover the dividend payments which should have gone to them every year have been kept separately in secret bank accounts.

It is likely that, assuming the Baltic states regain their independence formally over the next few months, they will set up their own central banks, at which point they will be readmitted to the BIS.

Separately, the Baltic republics could also lay claim to about \$6m worth of gold, which they entrusted to the Bank of England in the 1930s and which the Bank sold to the Soviet Union in 1968 as part of a government agreement. The Foreign Office said that, assuming the Baltic states became independent, they would be free to ask Britain for some of the money back.

Tatarstan communists change coat but preserve their essence

Anthony Robinson reports from an autonomous republic where party power is merely bending before the winds of change

IN Moscow it is clear that a revolution has taken place. But 800km further east, in Kazan, capital of Tatarstan, whose leaders publicly supported last month's abortive coup, little appears to have changed.

On the first day of the coup, Mr Mintimer Shamiev, president of the small autonomous republic with a mixed population of 4m Tatars and ethnic *Russians, flew back to Kazan* after meeting the coup leaders. Next day, he called a special session of his presidential council consisting of leading party members, the managers of the biggest industrial plants and security chiefs.

He then issued a statement supporting the coup. It was published in the local papers which he subjected to strict censorship. Vechernaya Kazan, the local evening paper, tried to publish appeals for disobedience to the coup by Mr Boris Yeltsin, the Russian president. It had the offending material ripped from its front page personally by the manager of the party-controlled printing press. Later that evening in central Freedom Square militia with rubber truncheons tore into a small crowd protesting against *the coup, arresting seven people* and beating others.

Two weeks later, however, Mr Shamiev and other senior officials remain at their posts and Mr Shamiev's supporters have even formed a defence committee to protect his power and reputation. The only sign that the coup found support in Kazan is a small hand-written sign declaring "Glory to the GKChP" (the unpronounceable acronym of the coup committee) which still graces the wall of a small river bridge carrying Tatarstan Avenue towards the city centre.

Last Friday, the Tatar Supreme Soviet, the local parliament, in which communists hold 218 of 250 seats, endorsed the stand taken by Mr Shamiev as consonant with the defence of the national interests of the republic, *which forms part of* the Russian Federation.

Parliament declined to set up a special commission to investigate the coup. Its only concession was reluctantly to endorse President Mikhail Gorbachev's order to suspend the activities of the Communist party, and place a guard on its property.

In vain, Mr Masgoult Khafizov, and other radical deputies from the 30-strong People's Power faction, called for the resignation of Mr Shamiev and the chairman of the Supreme Soviet, Mr Farid Mukhametshin, before walking out in protest. "Unfortunately, the coup did not last long enough for its hidden supporters to reveal themselves," Mr Khafizov commented bitterly.

The reason why many *suspected coup supporters kept* their heads down during those crucial three days was inadvertently revealed by Mr Nail Samiullin, the first deputy minister of the interior. He, like other senior officials, was still on holiday when the coup began. As soon as he returned to his office, his first priority was to find out from Moscow which way the wind was blowing. The word from Moscow was that the coup leaders were incompetent and had little chance of success. That greatly simplified matters.

Mr Samiullin ignored instructions from the Soviet Interior Ministry, headed by Mr Boris Pugo, one of the coup leaders, and took his orders only from the Russian Ministry of the Interior, which was *subordinate to Mr Yeltsin.*

Despite the formal suspension of the Communist party, what has happened in Kazan is illustrative of the inter-locking network of party, security, military and economic power that has proved so impermeable to real change during the six years of perestroika.

Many of the large factories surrounding the city, such as the Ilyushin aircraft and helicopter engine plants, are fulfilling military contracts.

In the countryside, power is wielded by the managers of the collective farms. The rural areas remain timeless and conservative. On the boats that ply the Volga River, providing the main transport links through the heartland of Russia, *solid peasant women still* carry their wares to market in wicker baskets suspended from wooden yokes.

Beneath the placid surface, however, run deep undercurrents. Kazan, an independent khanate until absorbed into the Russian empire after its defeat by Tsar Ivan the Terrible in 1552, remains the northernmost outpost of Islam. Tatar nationalism now helps to sustain Mr Shamiev in power. The local parliament's declaration of independence on August 30 1990 artfully merges the desire of ethnic Tatars to reassert their cultural and religious identity with the desire of the local Communist party to retain its grip on power by playing the nationalist card.

Long before the attempted coup, republican leaders such as Mr Shamiev were insisting that Tatarstan be involved directly in negotiations for a new union treaty and be independent signatories to it. This has brought Mr Shamiev into direct conflict with Mr Yeltsin, whose assertion of Russia's right to renegotiate republican borders and defend the interests of ethnic Russians in self-proclaimed independent republics underlines Tatar fears that they would get less autonomy from Mr Yeltsin's new Russia than from the forcibly maintained union promised by the now disgraced coup leaders.

Seen from this point of view, it is easier to understand Mr Shamiev's initial support for the coup and his continuing hold on power. One of his main demands, supported by nationalist movements such as the conservative Tatar Social Centre (TOTs) and the radical Ittifak party is that Tatarstan, which in the 1950s and 1960s produced up to 100m tonnes of oil a year, should gain control over its economy. For decades, Tatar oil was exported at absurdly low prices to eastern Europe, through the Druzhba pipeline. Now oil output in the dangerously polluted production area around Almetievsk has dropped to around 30m tonnes a year. But Tatarstan only has the right to sell 1m tonnes for its own benefit – and that only as a recent concession from the central government.

Mr Yeltsin enjoys strong support among the local intelligentsia, Russian and Tatar, for his anti-communist position. He also has wide support from ordinary Russians who make up the majority in Kazan and other large cities, such as Naberezhniye Chelny, the Kamaz truck-building city, and Nizhny Kamsk, a petrochemical centre.

Backed by the newly-appointed leadership of security and other institutions, Mr Yeltsin now holds great power in his hands. But events in Kazan demonstrate the inbuilt resistance of the old system and its capacity to change its coat in order to preserve its essence.

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EUROPEAN NEWS

Industry fires broadside at German budget

By Quentin Peel in Bonn

A BARRAGE of criticism of continuing government profligacy greeted Mr Theo Waigel, the German finance minister, yesterday after he presented a 1992 budget intended to control the soaring costs of German unification.

German industrialists, in the shape of the Federation of German Industry (BDI), and the opposition Social Democrats (SPD), called for spending cuts to reduce the government debt. There is no agreement, however, on where the cuts should fall to allow the continued flow of cash to the collapsing east German economy.

Mr Waigel yesterday put a brave face on his plan which would allow a spending increase of just 3 per cent next year, to DM422.5bn ($241bn), and a cut in the central state borrowing requirement to DM50bn, instead of this year's DM66bn.

The costs of unification, he told the German parliament, were entirely justifiable, and he would not allow the ceiling on spending to be raised "by one millimetre".

Presentation of the budget in the Bundestag, which has until the end of November to determine its final shape, was greeted with scepticism by Mr Heinrich Weiss, the BDI president, who called for far more drastic measures to curb public sector spending generally in the former West Germany.

"We must not allow the economic capacity of our country to be undermined, because politicians do not have the strength or the will to resist the spending demands from all sides," he said at a news conference shortly after the budget speech.

The real level of public sector deficits, including the individual German Länder and state corporations, as well as the federal government, would be more than DM200bn in 1991, or 7 per cent of the gross national product, he said. The result in higher interest rates, and higher inflation, was already taking its toll of German industry.

His comments coincided with industrial production statistics showing a 1.2 per cent decline between June and July in the former West Germany, although activity is still well up on 1990 before German unification became a reality.

The BDI is increasingly concerned at industry's apparent loss of competitiveness, and in particular at the slump in foreign investment in the country, compared with neighbouring west European states. Mr Weiss said that in 1990 German companies invested DM30bn outside the country, compared with an investment inflow of only DM3bn.

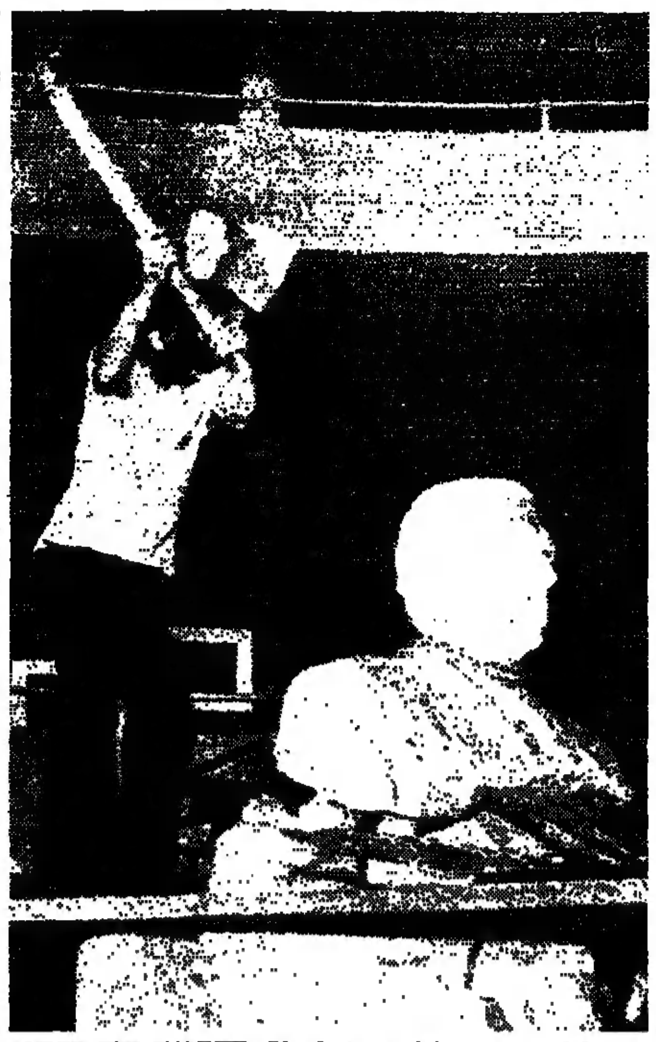
He forecast a continuing slowdown in the economy, based on rising taxes and duties, and the latest round of excessive wage rises outstripping productivity.

Mr Weiss called for further government spending reductions to control the deficit, coming from reduction in state subsidies, and further cost cuts in the public sector.

Mrs Ingrid Matthäus-Maier, SPD finance spokesman, focused rather on the need for defence spending cuts, and an abolition of unnecessary tax privileges. She also strongly criticised reductions in company taxation, and the government's proposed 1 percentage point increase in value added tax to 15 per cent.

However, the real prospects for cuts in state subsidies to industries like coal mining and shipbuilding seem very limited. Already, members of the ruling Christian Democrat and Free Democrat coalition are calling for shipbuilding subsidies to be maintained. Today, hundreds of coalminers will be demonstrating in Bonn against any cuts in their industry.

The chances are that if anything, the members of the Bundestag will be adding to state spending, not subtracting, in the three months of debate and decision ahead.



UNDER THE HAMMER: The last remaining statue of former Albanian dictator Enver Hoxha being demolished yesterday in a Tirana museum dedicated to him

Commission to propose offer to former Soviet bloc nations

Brussels opens its arms to the east

By David Buchan in Brussels

THE European Commission is today expected to propose a big extension of the EC's relations with eastern Europe, from the Balkans to the Baltic.

Spurred by events in the Soviet Union, the EC executive body is to put before a special meeting of EC foreign ministers on Friday a raft of proposals for closer ties with eastern Europe.

These will include trade concessions to bring to a speedy conclusion negotiations on association agreements with Poland, Czechoslovakia and Hungary; extension of similar associate status to Romania and Bulgaria; and opening trade talks with Albania in the south and the three Baltic states in the north.

Mr Frans Andriessen, the external affairs commissioner, is also giving his support to proposal by the leaders of Poland, Czechoslovakia and Hungary that they be admitted to the regular foreign policy discussions of the twelve EC member states.

Mr Andriessen sees this request, addressed to the Dutch presidency of the EC Council of Ministers, as a response to the idea he has publicly floated for countries to be given affiliate EC status before their economies are ready for full membership.

Dogging months of negotiations on association with the EC have been complaints by Poland, Czechoslovakia and Hungary at EC protectionism against the agricultural, textile and steel products that central Europe has the best chance of selling in western Europe. Many commissioners now hope to exploit new-found political concern about eastern Europe to overcome the opposition of the farm lobby.

Mr Andriessen believes that Romania and Bulgaria, already recipients of the Group of 24 western industrialised donors, are now politically and economically fit to be considered for association agreements of the type on offer to central Europe.

Relations with Albania have only just been normalised, but the Commission wants to extend western G-24 aid to Tirana jointly with the United Nations Development Programme.

Preliminary discussions with the Baltic states will open next Monday when Mr Andriessen meets representatives of the three governments in Tallinn.

● The West should consider a special payments mechanism to revive trade among the countries of the former Soviet bloc and integrate them into the world economy, French Finance Minister Pierre Beregovoy said yesterday, Reuter reports from Paris.

He said the European Payments Union, established in conjunction with the Marshall Plan to revive west European trade after World War Two, could serve as a model.

Finnish PM cautious on EC membership

By Robert Taylor in Stockholm

THE FINNISH government is studying whether the country should apply for membership of the European Community, Mr Esko Aho, the prime minister, said yesterday. However, he made clear that Finland still hoped that negotiations between the EC and the European Free Trade Association on a 19-nation European Economic Area would be successful. The talks are due to resume this weekend in Helsinki.

Mr Aho said two questions regarding EC membership were more important than any others: whether the Community would have a common security policy, and its economic objectives.

"Neither I nor anybody else can have any ready answers," he admitted. But he went on to say that Finland's "national success has been achieved by our ability to manage our own affairs".

The emergence of a functioning market economy just over Finland's eastern frontier, said Mr Aho, would place the country in a strong position internationally. He was looking for greater co-operation between Finnish individuals and companies and different parts of the Soviet Union.

"Our existing treaty arrangements must be reassessed in the light of these developments," he said. Since 1948 Finland's relations with its giant neighbour have been determined by an agreement signed with Stalin covering trade and political questions.

Poland and banks likely to resume talks soon

By Christopher Bobinski in Warsaw

NEGOTIATIONS between the Polish government and western commercial creditors are expected to resume following a meeting yesterday between Mr Jan Krzysztof Bielecki, the prime minister, and Mr Jeffrey Stokley, who represents the banks.

The meeting, although scheduled as a courtesy call, was intended to establish who would be conducting future debt discussions following the resignation last month of Mr Janusz Sawicki, Poland's main debt negotiator.

Mr Sawicki was forced to resign after FOZZ, a financial institution set up to manage funds set aside to service the foreign debt, was accused of mismanagement. He was the chairman of the FOZZ supervisory board.

The Polish government has still to decide who will lead the debt negotiations. But it is hoping this will not jeopardise the chances of seeking a debt reduction from the London Club, in which commercial banks are grouped.

Poland, which owes $10.2bn to the commercial banks, is wants a debt reduction agreement comparable to that reached with with the Paris Club of western governments earlier this year. Under that accord, Warsaw was granted a 50 per cent net forgiveness on its $33.2bn debt.

Poland suspended interest payments to the western banks in the autumn of 1989 and interest arrears alone now amount to some $1.1bn. Last month, however, it made a $100m interest payment to the banks despite the fact that talks stalled last summer.

Mr Sawicki's resignation could delay bilateral agreements with western governments. At the moment, the Paris Club is awaiting the outcome of talks between the International Monetary Fund and the Polish authorities. The IMF is in the process of rewriting three agreements with Warsaw after the government failed to fulfil its performance criteria in the first half of the year.

New targets were provisionally agreed with IMF negotiators at the beginning of last month. However, the Fund is waiting for controversial budget spending cuts to be passed by parliament before giving its formal assent. Indeed, a new letter of intent has yet to be signed and sent to Washington by the Poles.

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Philips wins approval for computer division sale

THE European Commission has waved through the planned sale of the core of Philips Electronics' loss-making computer division to Digital Equipment Corporation (DEC) of the US, following a one-month inquiry, writes Andrew Hill in Brussels.

DEC's acquisition of the bulk of Philips' information systems division for an undisclosed sum was announced at the end of July. It should increase the US company's presence in the European market for computer systems for small and medium-sized companies.

The Commission's merger task force paid particular attention to the market for small multi-user computers. DEC will be the market leader in Europe following the acquisition, but the Commission decided that the presence of IBM, Siemens/Nixdorf, Unisys, Bull and AT&T/NCR would guarantee competition.

The Commission also said yesterday that most of the proprietary product lines being developed by Philips' information services division were near the end of their life, so DEC was not buying itself a dominant market position.

Kurdish rebels blow up train

By John Murray Brown in Ankara

KURDISH separatists on Monday blew up a train in eastern Turkey, in one of the most daring attacks in their seven-year struggle for independence.

The explosion on the line near the town of Mus marks a heightening in tension after the kidnapping at the weekend of five western tourists near Mount Ararat on the Soviet border by the rebel Kurdish Workers Party, the PKK.

The semi-official Anatolia news agency reported that six people were injured when the goods train was derailed. Two gendarme officials were killed in the follow-up operation by security forces.

The train attack raises the prospect that the PKK may also try to sabotage the forthcoming elections. The ruling Motherland party has traditionally relied on local landlords to muster support for its candidates.

But anti-government sentiment is rising following Turkish attacks on PKK bases in northern Iraq.

INTERNATIONAL NEWS

Seoul to allow 10% foreign holdings

By John Ridding in Seoul

FOREIGN investors will be allowed to buy up to 10 per cent of the shares in most South Korean companies from the beginning of next year, according to final market opening guidelines announced yesterday by the country's finance ministry.

The guidelines, which were largely in line with expectations, allow for only a gradual opening of the country's stock market. The market, which is capitalised at about $110bn, is the the fifth largest in Asia.

The 10 per cent limit on foreign investment will apply to all companies listed on the stock exchange other than public utilities or strategic industries. Companies engaged in these areas, such as Posco, the country's largest steel company, will have a foreign ownership limit of 8 per cent.

Other companies, which are barred by Korean law from having foreign investors, will remain off limits. This restriction will apply to Kepco, the state electricity company.

Foreign securities companies in Seoul said that the guidelines still left a number of important questions unclear. For example, the announcement failed to clarify whether strategic foreign investments – such as the 10 per cent of the shares in Kia Motors which are held by Ford of the US – will count towards the foreign ownership ceiling.

"The guidelines provide a certain broad framework," said Mr Philip Smiley, chief representative of Jardine Fleming, one of the four foreign securities companies given permission to set up a branch in Seoul. "But there are still a number of technical issues which must be resolved prior to market opening."

These include the procedures for dealing and commission arrangements and the practicalities of repatriating profits and dividends.

According to the guidelines, the ceilings on foreign ownership will include existing Euromarket issues such as convertible bonds, country funds and bonds with warrants. The only exclusions will be for unit trusts and recently issued matching funds. These have a combined value of about 0.7 per cent of the Korean market.

Foreign brokers estimate that between $2bn and $4bn of foreign capital will flow into the Korean market in 1992. The market, which saw dramatic growth in the late 1980s has slumped since then. It is one of the few Asian markets to have fallen this year, but is expected to recover as the date for market opening approaches.

South Korean business leaders yesterday attacked the government's proposed budget for next year, condemning it as inflationary and calling for a spending freeze, John Ridding reports.

The proposed budget, which plans a 24 per cent rise in spending to Won33,500bn ($45bn) is currently being discussed by the ruling Democratic Liberal Party before being submitted to the national assembly.

But it is facing growing criticism because of concern about South Korea's rising rate of inflation. Consumer prices increased by 8.3 per cent in the first eight months of the year, the biggest rise for 10 years.

Several of the country's most powerful business groups, including the Federation of Korean Industry, the Korea Chamber of Commerce and Industry and the Korean Employers' Association, attacked a plan to raise civil service salaries by 12.4 per cent.

"This violates the government's own policy of keeping wage increases below 10 per cent," said an FKI official. "It will make it much harder to restrain pay awards."

The government argues that a sharp increase in government expenditure is necessary to improve the country's infrastructure. It is implementing ambitious plans for roads, railways, ports and power stations in an attempt to alleviate traffic congestion and to increase energy supply.

It pledged other steps to reduce the rate of inflation and to keep consumer price rises within its target of 10 per cent for the year.

Mr Choi Gak Kyu, the deputy prime minister and minister for economic planning, said yesterday that inflation would be tamed by maintaining the growth of the money supply at between 17 and 19 per cent for the rest of the year and by cooling the boom in the private construction sector.

Kinshasa hit by strike over Mobutu

By Julian Ozanne, recently in Kinshasa

THE ZAIREAN capital Kinshasa was brought to a standstill yesterday as the country's pro-democracy movement, fighting to oust President Mobutu Sese Seko, tightened a strike in the city a day after police killed at least one person in anti-government rioting.

The civil service-led strike call, which closed some government offices and brought traffic to a halt, came after police used teargas and clubs on Monday to disperse demonstrators who rioted and erected barricades in the poorer suburbs of Kinshasa.

The clashes have exposed tensions as the country heads deeper into political and economic crisis. Hyperinflation, estimated conservatively at an annual rate of 1,500 per cent, critical shortages of foreign exchange for vital imports, and conspicuous consumption by the political elite have created a discontented urban population.

Fears are growing that the strike and demonstrations, if prolonged, could affect Zaire's production of copper, cobalt and diamonds.

The opposition is seeking to force Mr Mobutu, who seized power in 1965, to allow a representative national conference on the country's political and constitutional future. An attempt to hold such a conference failed in the face of a boycott after Mr Mobutu packed the meeting with 600 bogus delegates and security men loyal to his regime.

New South Wales yesterday banned sales of semi-automatic weapons as 5,000 protesters rallied outside the state parliament. The ban followed eight deaths in a shopping centre massacre last month.

Moscow to keep Mideast line

By Hugh Carnegy in Jerusalem

MR Boris Pankin, the new Soviet foreign minister, said yesterday events in the Soviet Union would not disrupt plans for a Middle East peace conference in October co-hosted by Washington and Moscow.

Speaking to Israel Radio, Mr Pankin countered suggestions that the upheaval in the Soviet Union since the failed coup would at least delay progress towards peace talks. Although Washington has led the peace initiative it has leaned heavily on Soviet backing to help bring the parties together.

"We will be going in the same direction as previously," Mr Pankin said.

But President George Bush has suggested the conference could still be derailed by differences over Palestinian representation. Mr Bush also said he did not think the process had been affected by what had happened in Moscow. But he carefully avoided predicting the timing of what is planned as a largely ceremonial conference, to be followed by a series of bilateral negotiations.

He said "the ball lies in other courts" – a reference to deep differences between Israel and the Palestine Liberation Organisation over who should represent the Palestinians.

Mr Yitzhak Shamir, the Israeli prime minister, said he expected Mr James Baker, the US secretary of state, to return to the region shortly to try to resolve the issue.

Australian interest rates fall to 9.5%

AUSTRALIAN financial markets were surprised yesterday by a full percentage point cut in interest rates to 9.5 per cent but welcomed the move as timely and necessary, writes Emilia Tagaza in Canberra.

The general expectation was an easing of half a point but the government cited declining investment as the main reason for the decision. Mr John Kerin, federal treasurer, said the reduction was made possible by the substantial drop in inflation and evidence the economy was slacker.

The annual inflation rate for the three months to June was 3.4 per cent, the lowest rate since March 1970.

Press curb lifted

Singapore will allow the Asian Wall Street Journal a daily 2,500 circulation from next month, the ministry of information said yesterday, Reuter reports from Singapore. Singapore cut the Journal's circulation in 1987 from 5,000 copies daily to 400 for its refusal to print, unedited, an official reply to an article on a second securities market.

Mandela plea fails

South African President F W de Klerk yesterday refused to a request by Mr Nelson Mandela, the African National Congress leader, to indemnify from prosecution three right-wing hunger strikers so that they could supply details of alleged state sponsored violence in the country, writes Philip Gawith in Johannesburg.

Singapore businessmen shrug off election result

By Kevin Brown in Singapore

BUSINESS leaders in Singapore yesterday dismissed suggestions that overseas investment might be affected by the emergence of a parliamentary opposition in the general election last Saturday.

The ruling People's Action Party won 77 of 81 seats, but its share of the popular vote fell to 61 per cent from 63.2 per cent at the last election in 1988. Opposition parties won four seats, compared to one in 1988.

Mr Goh Chok Tong, the prime minister, warned before the election that a fall in PAP support might cause a loss of confidence among foreign investors, leading to economic decline.

However, most local and overseas business leaders said the lower PAP vote reflected a desire for a two-party political system, rather than a rejection of government policies.

Many also noted that Mr Chiam See Tong, leader of the opposition Singapore Democratic Party, supports government economic policy, including the PAP's emphasis on attracting foreign investment.

"The government is still in power and its basic plans for the future are still intact. Unless there is a major change in policy which is to be signalled later, I cannot see anything to be unduly worried about at this stage," said Mr Toh Thian Ser, managing director of Ong and Co, a local stockbroking firm.

According to Mr Yasutsugu Kozuki, secretary general of the Japanese Chamber of Commerce: "Japanese companies think there is no change in the position of the government, and there will be no drastic changes of policy."

Mrs Joan Boyle, director of the British Business Association, said there appeared to be no likelihood of dramatic policy changes, or of a loss of political stability. "Like the rest of the foreigners, most of [the British] think Goh Chok Tong is over-reacting."

"I don't think that what has happened is a destabilising factor. The government is pretty well ensconced here and there is no question of it being overturned overnight."

There were also signs that government concern over the fall in the PAP vote was dissipating following detailed analysis of the results.

Brigadier General Lee Hsien Loong, one of two deputy prime ministers, said there were signs that the opposition would act constructively.

Most newspapers have carried editorials and letters since the election urging the government not to abandon the relatively liberal style adopted by Mr Goh since he replaced the autocratic Mr Lee Kuan Yew, Brig Gen Lee's father, as prime minister in November. Mr Goh said after the election that he was considering "modifying" his style.

UK and China see HK airport deal as basis for co-operation

By Philip Stephens, Political Editor, in Beijing

BRITAIN and China yesterday characterised their agreement on the construction of a new international airport in Hong Kong as the start of a new phase of co-operation over the transfer of the colony in 1997.

In a joint communiqué released after the formal signature of the memorandum of understanding by Mr John Major and Mr Li Peng, prime ministers of the two countries, the two sides indicated that they had resolved a number of other outstanding issues during the transition period.

Those issues included the creation of new court of final appeal in Hong Kong and provision for Hong Kong to sign investment protection agreements with other nations. The governments also agreed to accelerate work in the joint liaison group set up under the Sino-British declaration of 1984, buttressing its work with twice-yearly meetings of foreign ministers.

As a result, the communiqué said, "both leaders expressed their confidence in the future success of Hong Kong as an international economic, financial and trading centre".

The careful phrasing, however, did little to disguise the remaining differences between Britain and China over the degree of influence which Beijing should wield in the run-up to 1997.

In his remarks at the signing ceremony Mr Li Peng indicated that he saw the airport agreement as the basis for increased "understanding and mutual accommodation" over Hong Kong during the next six years. Mr Major endorsed the need for co-operation but added pointedly that before 1997: "There is no question of the Chinese government seeking any veto, condominium or joint administration."

The communiqué glosses over that underlying power struggle by speaking of the wish of both sides "to intensify their co-operation over Hong Kong issues in the approach to 30 June 1997 and to develop their bilateral relations".

It adds that to ensure Hong Kong's long-term prosperity and stability, "the two governments would make joint efforts to accelerate work in the joint liaison group" in order to complete the work set out in the joint declaration. They would give higher priority to the work of the group, if necessary increasing the numbers of its participants and the frequency of its meetings.

The communiqué says that "tangible results or substantial progress" have been made on a range of subjects:

- Hong Kong will open negotiations to conclude its own investment promotion and protection agreements with certain leading trading partners.
- The two sides have agreed in principle on the early establishment of a Court of Final Appeal. Experts will meet soon to resolve the remaining points of detail.
- The two sides will work towards "very early agreement" on the future of land in Hong Kong currently used for military purposes.
- The Chinese side of the Sino-British Land Commission will give early agreement to the proposal of the Hong Kong government that the Colvin House site be used to build a future British consulate-general.

Mr Douglas Hurd, the UK foreign secretary, has invited Mr Qian Qichen, his opposite number, to visit London for the first of the six-monthly rounds of high-level talks.

WORLD TRADE NEWS

Philip Morris in $480m Turkish venture

By John Murray Brown in Ankara

PHILIP Morris, the US cigarette maker, already the largest private buyer of Turkish tobacco, yesterday won government approval for a $480m (£285.7m) joint venture investment to produce its Marlboro brand in Turkey.

The deal represents Turkey's largest single investment this year and further reduces protection for local producers. It also takes considerable pressure off Turkey's balance of payments, given substantial cigarette import costs.

The decision follows Ankara's liberalisation of the tobacco sector in May, which paved the way for investors to price and distribute their own products and import tobaccos for blending, activities until now handled by Tekel, the state tobacco monopoly.

BAT Industries of the UK and the American company R.J. Reynolds are in talks with the Turkish Investment board and are expected to follow suit.

Turkey is the world's sixth largest tobacco grower. Domestic consumption is growing at about 2.5 per cent a year and stands at 77,000 tonnes a year.

Turkey's tobacco sector has attracted little foreign interest hitherto, largely because of Tekel's domestic monopoly. Rothmans set up a small investment in Bitlis in Eastern Turkey in 1987 to produce the local Best brand.

High import tariffs and the development of locally-made American blend cigarettes had given Tekel an apparently unassailable position in the local market, where it controls some 80 per cent of sales.

Under the new rules, a company is still required to instal a fully-integrated factory, a disincentive to the small investor. Investors will also only be allowed to import brands they already produce locally.

At full capacity, the Philip Morris plant will produce around 30,000 tonnes, the equivalent of 30bn cigarettes a year.

Taiwanese in Nicaraguan logging row

By Tim Coone

A ROW has broken out in Nicaragua over plans to grant a large timber concession to a Taiwanese company, for export of tropical hardwoods.

A letter of intent was signed last week between the Nicaraguan government and Equipe de Nicaragua, a subsidiary of Equipe Enterprise of Taiwan, for initial studies leading to a 20-year, 926,250-acre concession, to cover an eighth of the country's forests.

The decision has renewed argument over whether the central government or two semi-autonomous regional councils should control exploitation of natural resources on Nicaragua's Atlantic Coast, where the concession has been granted. Mr Ray Hooker, a Sandinista opposition congressman, has claimed the government is "mortgaging the future of our country for a few dollars".

On Monday, Mr Jaime Incer, director of the government's natural resources and environment institute, said the Taiwanese would use "sustainable" logging techniques that would not destroy the forest. "There exists no concession in the traditional sense of 'pay me so much and take what you want'," Mr Incer said.

Nicaragua has been eager to attract new foreign investment without which its economic stabilisation plan will have little chance of long-term success. The Taiwanese have so far been the only big overseas investors to express interest in projects in Nicaragua. Talks on a $60m (£35.7m) textile project in Managua are at an advanced stage.

The Taiwanese are thought to be boosting their investments in Central America with a view to gaining a foothold in a regional common market, at present under negotiation, eventually embracing other Central American countries, Mexico, and even the US and Canada.

Equipe said initial investment would be $15m over the first two years of the concession, to create 4,000 jobs. It would be obliged to reforest 494,000 acres on the Atlantic coast.

MILITARY-RELATED TECHNOLOGY

Japan reviews its feedback to US

By Robert Thomson in Tokyo

THE Japanese government is reviewing the flow of information back to the US on developments in military-related US technology.

The technology is improved by Japanese corporations, working under licence. Japan is sensitive to US Congress criticism that the US military has become over-reliant on foreign suppliers for high technology, and that some of these suppliers were slow to respond to US needs during the Gulf war.

Senior Japanese Defence Agency officials indicated yesterday that they would use a regular bilateral meeting later this month to emphasise that Japanese companies are willing to transfer information on refinements made to US technology.

The two countries have an agreement for joint development in five military-related areas, including ceramic engines and rocket technology, while Japanese companies have various other research projects designed to upgrade US aircraft and missile technology.

Defence Agency officials expect the US will raise the unauthorised exports to Iran of missile parts and aircraft electronics by one Japanese company. These exports were used to upgrade US-made technology used by the Iranian military.

"We realise that the US has some concerns about technology development and we will do our best to make sure they have access to the latest technology. We are aware they want more information about advancements by Japanese companies," a Defence Agency official said.

When protecting ideas can be an article of faith

MR Christopher Steffen is a man who suddenly got religion: three years ago, before he joined Honeywell, the large US manufacturer of controls, he knew or cared little about one of the hottest topics in international trade - the protection of intellectual property.

Now, however, he is a passionate advocate of a global agreement to safeguard commercial ideas.

The reason for his conversion is simple: a long-running patent dispute between Honeywell, where he is chief financial officer, and Minolta, the Japanese camera manufacturer, which will go to trial on September 19 in a federal court in New Jersey.

The case is important for Honeywell, which claims to have lost hundreds of millions of dollars in potential royalties. But the company maintains it is also important for the American high-technology industry as a whole, which the US government reckons is losing up to $60bn (£35.7bn) a year, through what it alleges as the *international piracy of its ideas*.

Mr Steffen argues that technological ideas are one of the US's few remaining areas of comparative industrial advantage and that *"if we don't pay* attention, we're going to throw away an investment of a couple of hundred years".

The Minolta suit, he says "puts a stake in the ground and shows we're not going to roll over and play dead". The case revolves around the invention in the 1960s and 1970s by Mr Norman Stauffer, a Honeywell employee, of autofocussing technology for single lens reflex cameras.

The company had a photo products division when this work first began and, although that has long since been sold, the company holds about 80 patents relating to the technology.

Honeywell signed so-called "advance disclosure agreements" with several Japanese companies in the late 1970s, giving them information which would allow them to incorporate its invention in their cameras. The company claims in its suit that Minolta engineers involved in this project set up a secret parallel programme designed to develop a substitute to the Honeywell process and thus avoid royalty payments.

Minolta was the first company to introduce autofocus cameras, which it did in 1985 with its popular Maxxum 35mm model, and its lead has since been followed by many other Japanese companies, including Canon, Nikkon, Pentax and Olympus, which Honeywell argues may also have violated its patents.

Minolta is declining to comment ahead of the hearing, beyond saying it is confident Honeywell's claims will be rejected by the court. But last year, when Honeywell took its complaints before the International Trade Commission in Washington, Minolta insisted it did not use Honeywell autofocus technology in any of its cameras and said the US company's charges ignored "the long history of autofocus camera development, including significant breakthroughs by Minolta".

If Honeywell wins its suit, the financial impact on the two companies would be substantial. Minolta's sales of auto-focus cameras are estimated by Honeywell to be running at about $1bn a year in the US alone, and the alleged patent infringements date back to the mid-1980s, representing a very large stream of potential royalties. The US group would follow up a New Jersey victory with suits against the 15 other Japanese companies with which it is in dispute.

The climate for pursuing patent cases in the US has improved markedly over the past decade. Plaintiffs used to be viewed suspiciously by the courts, as potential monopolists. However, the Reagan administration established a special federal patents appeals court in Washington in 1982 which has done much to ensure uniform standards in patents cases.

'The Minolta suit puts a stake in the ground and shows we're not going to roll over and play dead': Martin Dickson reports

While the court denies it, the legal profession says statistics suggest that a patentee's chances of winning a suit have improved significantly in recent years. At the same time, there has been a sharp increase in the value of damages awarded.

Congress has also helped, with a 1988 amendment to section 337 of the Tariff Act of 1930. The Tariff Act allowed US manufacturers to petition the International Trade Commission to ban the import of products they claimed infringed their patents.

The amendment extended this right from manufacturers to include companies which had made a substantial investment in the development of a technology or a significant effort to license it.

Honeywell used this amendment in its fight against Minolta, which had been dragging through the courts since 1987 and might not reach trial before the US company's patents begin to expire in 1992. It applied last year to the ITC for an import ban, explaining to the court that it was doing so out of frustration at the legal delays. That in turn prompted the judge in the patent case to expedite the hearing this month.

Mr Steffen argues that its success with Section 337 underlines the need for an international framework to protect intellectual property which will include controls on the import of goods utilising ideas US companies claim as their own, and a mechanism for speedy resolution of disputes.

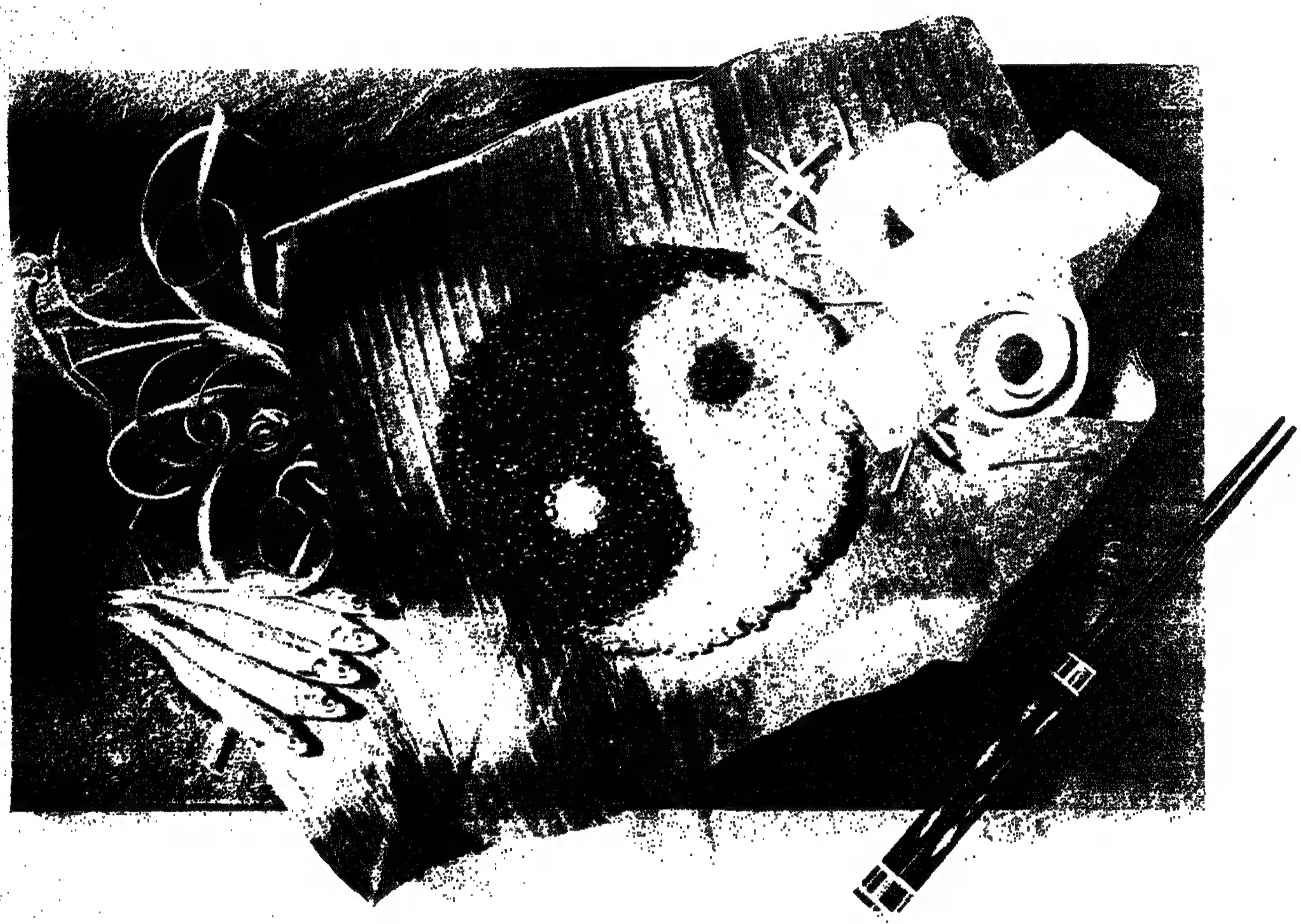
Measures along these lines, together with common standards for intellectual property rights, have been a key element of the Uruguay Round of trade liberalisation measures proposed under the General Agreement on Tariffs and Trade. However, with the fate of the Gatt round still very murky, so too are the chances of any intellectual property rights pact.

Lisbon awards natural gas contracts

PORTUGAL has awarded contracts jointly worth over Esc50bn (£198m) to build and manage three regional natural gas distribution pipelines, Patrick Blum reports from Lisbon. The programme involves building a liquefied natural gas terminal in Setubal, south of Lisbon, a primary high-pressure pipeline to Braga in the north, and a gas-fired power plant near Oporto. Total investment is expected to be above Esc230bn.

The northern region contract went to a consortium including Portgas of Portugal and Gaz de France; the central region, to a consortium including Nacional Gas, Petrogal, and Italgas of Italy, which is also part of the southern-region consortium led by Setgas of Portugal.

Doing Business with Confucius.



It's a well-known fact: some Asian countries are among the world's leading economies.

The success of the Confucian philosophy in the computer age.

Looking closer at the causes, one of the first things that springs to mind are the teachings of Confucius, dating back over 2,500 years ago – a school of thought which laid the groundwork for an unusually favorable economic environment.

The foundation for success has been built on an uncompromising recognition of competence, the importance of getting a good education, and especially the individual's profound feeling of being at one with both society and his employer.

It goes without saying that such strengths, which have evolved over generations, also involve duties. For in order to sustain the climate of harmony, each individual is expected to comply with various, and at times subtle, rules of behavior.

To take an example: those much-beloved and protracted business dinners are not designed primarily as a medium for business negotiations.

But by fostering a state of harmony and creating the correct atmosphere, they do help one successfully conduct business.

If in the course of negotiations you are confronted with a situation where you could in some way cause your counterpart to "lose face," you should refrain from persisting even if you are clearly in the right. You can expect this demonstration of good will to be met with grateful recognition, even if none of those present openly show it.

By behaving in this way, you will have by no means lost influence. On the contrary, you will have shown that you have taken to heart the most important rule of conduct: always permit your counterpart to save face in a dignified manner. And by doing so, you will also further your own interests.

Business in Asia requires patience and time. But once accepted, you'll always be accepted.

Dresdner Bank has been an active and respected member of the Asian business scene for many years now, with nearly five hundred committed professionals – both western and eastern – serving customers with their experience and expertise.

Our customers know they can rely on us to help bring their interests into harmony with the various Asian markets, each with its own particular local business customs.

Striving for harmony as a formula for competitive success.

And yet, every day even we still learn something new.

That is how it should be. For, in the words of a Chinese proverb, continually striving to secure longterm success is more important than "quickly plucking a feather from a passing goose."

Dresdner Bank

Democrats believe performance at home is president's Achilles' heel

Bush turns spotlight on US domestic agenda

By Lionel Barber in Washington

PRESIDENT George Bush, conceding that US schools "are in trouble", yesterday launched a campaign to deflect Democrat charges that he is more interested in solving problems abroad than at home.

In a speech in Maine, en route to Washington after a month-long holiday dominated by the Soviet crisis, Mr Bush cast himself in the role of an "education president" committed to raising standards in schools.

In the next four weeks the White House has scheduled trips to at least 10 other states to show that Mr Bush has a domestic agenda on which to contest next year's election. The focus will be on education, as well as the administration's crime and transportation bills.

Democrats led by Mr Richard Gephardt, House majority leader, believe domestic issues are Mr Bush's Achilles' heel.

Turning to education yesterday, Mr Bush seized on last week's news that scores in the verbal scholastic aptitude tests – a broad, national measure of performance at high school – had fallen to their lowest level since 1983. The figures showed that, although the percentage of US students who score highly has remained consistent for a decade, the low scorers are falling further behind.

Some educational experts warn the system is creating an "educational élite" and an "underclass of students" in high school.

Individual states, rather than the federal government, bear most of the burden of running and funding schools. Mr Bush has avoided promising more federal money, relying instead on the "America 2000" programme – a joint effort with state governors to set education goals to be achieved by the end of the century.

Although Mr Bush was preoccupied with foreign affairs during his holiday, he held several less publicised sessions with his top domestic advisers, including Mr John Sununu, White House chief of staff, and Mr Richard Darman, budget director.

The White House intends to promote the administration's own domestic agenda more aggressively in coming months. Crime, law-and-order and anti-drugs rhetoric will all feature; but Mr Bush is also likely to use his five-year, $105bn surface transportation proposal to argue that he is concerned about crumbling infrastructure in the US.

George Bush: held sessions with domestic advisers

Sharp increase in US orders

By George Graham in Washington

US manufacturing continued to revive last month as new orders increased sharply, according to statistics published yesterday by the National Association of Purchasing Management (NAPM).

The purchasing managers' index, which provides a widely watched early measure of the industrial economy's health, rose to 54.8 per cent in August, its highest level for nearly three years.

This was the third consecutive month in which it stood above 50 per cent, indicating the manufacturing economy is expanding.

Government economic statistics in the last few weeks have given contradictory signals of the health of the US economy, but the purchasing managers' index provides support for estimates that the economy is now recovering reasonably strongly from recession.

Mr Robert Bretz, chairman of the NAPM, said his association's index had averaged 45.1 per cent for the first eight months of the year, which past experience showed would be consistent with a growth rate of only 0.4 per cent in the whole economy.

If the index remained at August's level, however, this would be consistent with real growth of about 1.4 per cent for the full year.

The rise in the index was fuelled by the fourth consecutive monthly increase in new orders. New export orders also continued to grow.

Separately, the Commerce Department said construction spending rose by 1.6 per cent in July to a seasonally adjusted annual rate of $404.9bn (£241bn), the first increase since April.

However, spending was still 10.6 per cent lower than a year earlier.

Argentine industry signs pact

ARGENTINA'S government and industry have signed an agreement to reduce costs and increase production, in a bid to stabilise the economy, writes John Barham in Buenos Aires.

Announcing the accord, President Carlos Menem said the watchword was "invest, invest, invest".

The agreement calls for the government gradually to abolish regressive taxes, bring energy prices in line with the international market and continue deregulation of the economy, while industry promises to increase output and employment without raising prices.

● Inflation in August rose 1.3 per cent, the lowest increase in 20 years, the government said yesterday. The annualised rate fell to 144.5 per cent.

Officials were heartened by a 0.4 per cent decline in wholesale prices, but said cartels were stopping the fall from filtering down to the rest of the economy.

Surinam attempts to set up government

ATTEMPTS are being made this week to form a government in Surinam, three months after an election in which no party won the majority needed to name a president, writes Canute James.

Local authorities and community groups are to meet on Friday, using a clause in the constitution which allows them to elect a president.

The Dutch-speaking republic is being run by an interim administration appointed by the army.

The New Front for Democracy – which took 34 of the 51 seats at stake in the May 25 election – had hoped to form a coalition government with the Democratic Alternative, a reformist party which took nine seats. But the DA requested its candidate be named president and that it be given five ministerial posts and a veto over all ministerial appointments. The demands were rejected.

State governors reject Collor plan

By Christina Lamb in Rio de Janeiro

PRESIDENT Fernando Collor de Mello of Brazil has failed to secure support from the country's 27 state governors for a proposal to change the constitution radically.

The government believes the constitutional amendment is essential for it to reduce federal expenditure and bring inflation under control. Mr Collor had hoped that by offering to roll-over $57bn (£33.9bn) owed by the states, he could secure the governors' help in persuading their party men in Congress to vote the project through.

The presentation of the amendment to Congress, scheduled for next Tuesday, looks likely to be delayed after a week of talks with governors and planning secretaries broke up with no agreement.

Mr Frederico Mazzuchelli, secretary of works for São Paulo, Brazil's largest state, said yesterday: "We have completely dismissed the idea of linking state debt to political support. The amendment is a political matter for Congress to discuss, while rolling over of state debt is a technical matter to be discussed between the federal and state administrations."

Many states are angry too at the idea of negotiating their debt as a bloc, given the disparity in incomes and indebtedness. Only four states are solvent – Santa Catarina, Paraná, Ceará and Espírito Santo. But three large debtors – Rio de Janeiro, São Paulo and Minas Gerais – have considerable income-generating capacity and are less threatened by the situation than those such as Piauí and Maranhão, which have heavy debts and low incomes.

The states' decision is a setback for the government, which hoped to put the amendment before Congress quickly to meet conditions for an agreement with the International Monetary Fund which included a recommendation for constitutional reform.

The government will now intensify contacts with political leaders in Congress. But the most crucial points of the amendment, such as ending guaranteed job stability for civil servants and opening up restricted sectors such as mining and telecommunications to foreign investment, are unlikely to be passed.

Brazil seeks to come in from the cold

Policymakers want to end financial isolation, writes Christina Lamb

BRAZIL'S economic policymakers are attempting to end the country's international financial isolation which has persisted since it suspended payments on its foreign debt, the developing world's largest, in July 1989.

New hopes have emerged of an agreement with the International Monetary Fund, and Brazil's recent proposal for rescheduling its $52bn (£30.9bn) medium- and long-term commercial debt has been greeted as realistic by surprised creditors.

"What you are seeing now is a realisation that we have to be part of the world," Mr Arminio Fraga, international director of the central bank, explained yesterday.

Thus while economic news at home worsens daily – with inflation rising to more than 15 per cent last month – nearly all senior officials of Brazil's Economy Ministry and central bank are abroad negotiating with foreign institutions.

Mr Roberto Macedo, the chief economic policy secretary, is in Washington this week for talks with the IMF. Negotiations with the fund for a standby facility reopened in June after a letter of intent signed last year was torn up when the government failed to meet economic targets.

A new agreement is vital as a guarantee before creditor banks agree on a restructuring. Brazilian officials say they hope for a new letter of intent by the annual IMF meeting in Bangkok next month.

Mr Fraga said yesterday: "We're not going to shoot for an extended fund facility but we hope to get an 18-month agreement for more than $1bn which we could subsequently turn into an EFF." An EFF programme usually lasts for three years.

Brazil is hoping through credits from Japan to augment the collateral needed to back the concessional Brady bonds which it proposes to offer to banks as part of its debt proposal.

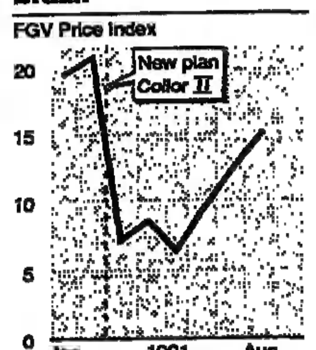
Mr Marcillo Marques Moreira, economy minister, arrived in Tokyo yesterday to sign a loan agreement for $478m – the first loan from the Japanese government since 1986. On Friday Mr Moreira will go to Paris for talks with Mr Jean Claude Trichet, president of the Paris Club of creditor governments, with which Brazil must also negotiate.

The flurry of overseas activity which leaves only two senior officials in the Economy Ministry in Brasília marks a radical change of strategy for the government of President Fernando Collor de Mello. It had previously insisted it had to resolve internal problems before beginning external talks, believing this would enable negotiation from a position of strength.

The administration appears to have at least half an eye on the success of Mexico, whose debt restructuring deal – concluded last year – provided the backdrop for increasing confidence in the country's economic prospects.

Brazil

FGV Price index



Source: Getulio Vargas Foundation

Senator Roberto Campos, a former planning minister, said: "Brazil has belatedly realised that playing the tough guy just irritates people and brings no benefit and that there is a link between internal and external adjustment." However, an adviser to Mr Collor had a different explanation: "The president is fed up with being seen on his travels abroad as the man who doesn't pay his bills."

The change in the Brazilian stance was made possible by a replacement of Brazil's entire economic team in May and the appointment of Mr Moreira in place of the confrontational Ms Zelia Cardoso de Mello, who had infuriated bankers with her aggressive manner, delaying an agreement on the repayment of more than $8bn in past due interest until April.

Brazil made its first payment on arrears in July and is already benefiting from its new consensual approach; the Inter-American Bank has agreed loans exceeding $1bn over the next two years.

After suffering a net outflow of capital over the past three years the country's recent opening of its stock exchange to foreign investors has attracted considerable interest, bringing in $140m in August alone.

Last month a Eurobond issue in London by Petrobras, the Brazilian state oil company, drew so much interest that the issue was raised from $100m to $250m and the company now plans a further $200m.

The Petrobras issue marked the first time a debtor country, technically in arrears and with no agreement with its creditors, has been able to return to the world capital markets.

But Brazilian officials are under no illusion that importing virtue and capital from abroad will succeed in imposing the domestic stability that the government has so far failed to achieve.

An IMF agreement may be threatened by predictions of a 2 per cent Treasury deficit this year. At the same time, another change of economy minister or – against the backdrop of widespread public cynicism – a sixth shock economic programme in six years could jeopardise any accord with creditors and quickly staunch capital inflows.

TRANSPORT

Brel replaces chief executive as losses rise

By Richard Tomkins, Transport Correspondent

THE chief executive of Brel, Britain's biggest railway train manufacturer, has lost his job because of the company's failure to deliver trains to British Rail on time.

Mr Peter Holdstock, 60, who led the management-employee buy-out of Brel from BR in April 1989, has been replaced by Mr Bo Soderstan, a 53-year-old Swede with long experience in the railway equipment industry.

Mr Holdstock's departure is understood to have been prompted by Brel's plunge into losses resulting from the company's continuing inability to meet production schedules on new trains for BR.

The most serious delays have been with a new express train called the Class 158 which was supposed to have led to a leap in quality of services on Regional Railways and Scotrail routes from September 1989.

Instead, timetables were thrown into chaos when production difficulties led to a year-long delay in delivery. Teething troubles with the new trains have caused further serious problems since they started entering service.

Brel has also fallen badly behind schedule on the production of a new class of suburban trains called the Class 165, destined for Network SouthEast's routes out of London's Marylebone station.

Mr Ian Forrester, Brel's director of personnel and business services, said the delays in deliveries meant sales income was failing to match the company's heavy outgoings on labour and materials for the new trains. He would not speculate on the expected losses this year, but acknowledged that they would mark a significant reversal from the pre-tax profits of £22.4m in the year to September 1990.

Mr Holdstock was managing director of Brel when it was the state-owned rolling stock manufacturing division of British Rail. He became chief executive on leading the buy-out which took Brel into the private sector in April 1989.

The buy-out was backed by Asea Brown Boveri, the Swiss-Swedish engineering group, and Trafalgar House, the British construction group. Each of these owns 40 per cent of Brel, with the remaining 20 per cent owned by the management and employees.

In the last seven months Brel has shed 1,650 jobs in two tranches – the second of them just six days ago – in an attempt to bring costs into line with income and improve financial performance.

Mr Soderston's appointment appears to have been at ABB's instigation. Between 1980 and 1990 he was managing director of the Hagglund Group, an Asea subsidiary producing military and railway vehicles, hydraulic products and cranes.

Latterly he was chief executive of FFV Group, a Swedish government company making defence, aviation and electronic products.

● The private sector should be given the opportunity to build a freight-only railway line stretching from the Channel tunnel to Scotland, a report from the National Economic Development Council says today.

It warns that British industry will suffer from higher costs, growing congestion and less reliable delivery times if the so-called rail spine is not built. The report, drawn up by the NEDC's construction industry sector group, says the opening of the Channel tunnel in 1993 will create the opportunity for more international freight to go by rail.

Continental Europe, it says, is already moving towards the use of combined transport, whereby freight loads are transferred from lorries to trains for the long-distance part of their journey.

But because Britain's railways lack the larger clearances of Continental-gauge railways, the report says, Britain is in danger of being excluded from this new European combined transport system.

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Nuclear reprocessing contract to be signed

By Juliet Sychrava

NUCLEAR Electric, the state-owned nuclear company, and British Nuclear Fuels (BNFL), which sells and reprocesses nuclear fuel, will today announce what they claim is the biggest contract ever signed between two parties in the UK. The value of the contract will be announced today.

The agreement, which could mean considerable cost savings for Nuclear Electric, is likely to involve some withdrawal from the company's long-term obligations to reprocess fuel from its advanced gas-cooled (AGR) reactors, at a time when the alternative of storing fuel on site is increasingly viewed as more economic and environmentally acceptable.

In August Mr James Hann, chairman of Scottish Nuclear, Nuclear Electric's sister company, said he viewed reprocessing as uneconomic and unnecessary, and in July the company submitted a feasibility study for on-site storage to the government.

The new contract follows more than a year of talks during which Nuclear Electric has tried to cut costs by replacing the cost-plus contracts with BNFL dating from the days of the Central Electricity Generating Board (CEGB) with a fixed price contract.

It is expected to cover the ten year period between the start-up at Sellafield of BNFL's new Thermal Oxide Reprocessing Plant (Thorp) in 1992, and 2002, as well as the purchase of around 1,800 tonnes of AGR fuel. However, it is unlikely to make a full commitment to reprocessing beyond 2002, and may wait to see how Scottish Nuclear's dry storage proposal succeeds, industry and environmental group sources said yesterday.

Thorp was criticised as uneconomic in December last year but BNFL said yesterday it had contracts with German electrical utilities worth £800m for the second ten years of Thorpe's life, and was close to concluding other agreements overseas.

Colin Beere

Isolated: Arthur Scargill, miners leader, saw his motion defeated in the week's most controversial debate at congress

TUC IN GLASGOW

Repeal of all anti-union laws is rejected

By Michael Smith and Lisa Wood

MR NEIL Kinnock, the leader of the opposition Labour party, yesterday greeted with relief a decisive trade union vote to reject left wing demands to scrap all the "anti-union legislation" introduced by the Conservative government since 1979.

The Trades Union Congress, meeting in Glasgow, instead gave overwhelming support to the party's policy of a more limited reform of employment laws.

Mr Kinnock said the votes would improve Labour's electoral chances. More important, he said, they signified an "attitude towards constructive industrial relations which is reciprocated by mangers around Britain."

However, Mr Michael Howard, employment secretary described yesterday's debate as a sham and said every section of the labour movement wanted a massive shift in power in favour of unions.

The debate on employment was the most controversial of the TUC congress week. Delegates voted 5.8m to 2.2m against the motion calling for repeal of all anti-union legislation which was proposed by Mr Arthur Scargill, president of the National Union of Mineworkers.

Mr Norman Willis, TUC general secretary, said passing the NUM motion would give comfort to "our opponents". He said it could be interpreted to mean the abolition of legal requirements for strike ballots and ballots for executive elections.

"The public certainly won't accept that and poll after poll has told us that our members won't accept that either."

In its employment law reform plans, the Labour party has said it will keep legal requirements for ballots on industrial action and for elections of senior trade union leaders. However, it would restore the right to take sympathy action "where there is a direct interest between two groups of workers of an occupational or professional nature".

Mr Scargill said, in moving his motion, that the TUC should not abandon its principles on the false premise that it would be wrong to rock the boat and undermine a Labour victory. It was far better to be open and honest "and say all laws should be repealed." He said he was not against ballots but he said unions should be free from state interference in the operation of them.

However, Mr Tony Young, general secretary of the National Communications Union, criticised unions which failed to give their full support to Labour.

"They detest this government, yet, unwillingly they may keep it in power by their insistence on continuing the argument over whether we should accept any legal regulation of union affairs. They provide our enemies in the media and the government with a stick to beat us."

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Regulator gives tough warning to water companies on charges

By Richard Evans

WATER companies were warned yesterday that they should consider making voluntary reductions in their proposed charges for next year if they wish to avoid enforced cuts.

Mr Ian Byatt, director general of the Office of Water Services (Ofwat) the industry's economic regulator, wrote to the managing directors of all 34 water companies in England and Wales telling them he would decide on the 1992-93 charging levels by October 31 and they should submit any additional relevant information to him by then.

A review of water company charges, based on the level of inflation, plus a factor known as K to take account of heavy investment commitments, is not due until 1994.

However, Mr Byatt has said he will review K factors this year because of the higher than expected profits and dividends announced by the companies.

The letter is the latest in a series of increasingly tough warnings from Mr Byatt to the companies on their dividend and diversification policies, and was seen by company chiefs as an attempt to bully them into voluntary cuts in charges for next year.

Mr Byatt also announced that tough new regulations have been agreed by water companies to ensure that customers are not affected adversely by any diversification from the core businesses of supplying water and sewerage services.

Sir Bryan Nicholson

All water companies in England and Wales have accepted proposed licence changes aimed at guaranteeing that the companies always have adequate financial and management resources for their core businesses.

The amendments, which come into effect immediately, require directors of the 10 privatised water and sewerage businesses and the 24 water-only companies to confirm annually to Ofwat that they have the resources to run the core services effectively.

They will also be expected to consult Mr Byatt when undertaking any significant diversification, although this is not a formal licence requirement.

The move is the strongest indication so far that Mr Byatt intends to be an aggressive champion of the customer by ensuring that the cash produced by companies through supplying core services cannot be dissipated on grandiose diversification schemes. It must stay in the core business to fund investment and relieve customers of the need to pay higher prices.

The announcement confirms that the water industry faces a far tougher regulatory regime than other privatised industries such as electricity, gas and telecommunications which do not have the same strict rules on diversification.

Mr Byatt said: "As the regulator, it would not be appropriate for me to take a general position against diversification. However, I am determined to ensure that the diversification activities of the plc can in no way harm the core business."

He added that customers must also recognise they could not expect to participate automatically in profits made in a diversified activity.

Prior to privatisation in late 1989 there was widespread concern at ambitious diversification plans proposed by many of the water authorities. In the event, diversification has been modest and has been targeted mainly at consultancy, engineering and waste management, all closely linked to core activities.

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Post Office considers reform of mail service

By Roland Rudd

THE POST OFFICE is planning a radical reform of its operations after the government's decision to erode its monopoly on letter delivery costing less than £1.

Under proposals being discussed by the Post Office's board, first and second class mail would be scrapped in favour of one standard service which would aim to achieve a quality of service provided by the present first class stamp.

Business users would be offered a premium service in competition with private couriers.

This would cost 35p an item and would guarantee a next morning service.

But the Post Office would reduce the current two daily deliveries to one.

Sir Bryan Nicholson, the Post Office chairman, in his first interview since the government announced its decision to reduce the letters monopoly, said yesterday the proposals enabled him to put forward his own plan.

He said: "The advantage of liberalisation is that it provides the public with a rationale for change. It is very difficult to explain changes when you are a monopoly; it is much easier when you are operating in the market place."

In July, Mr Peter Lilley, trade and industry secretary, announced plans to reduce the delivery charge under which the Post Office retained its monopoly to about the cost of a first class stamp - to be raised to 24p next week.

Ian Byatt

Liberalisation is expected to take place incrementally. Sir Bryan said he favoured reducing the letters monopoly in two stages.

He believes the threshold should initially be reduced to about 35p, to make sure that potential competitors did not threaten the Post Office's ability to provide a universal service by taking the most lucrative routes away from the corporation, and later to about the price of a first class stamp.

The government is also planning to increase the regulation of the industry through the appointment of a regulator. It would advise the government on whether any move towards competition threatened the Post Office's ability to provide a universal service.

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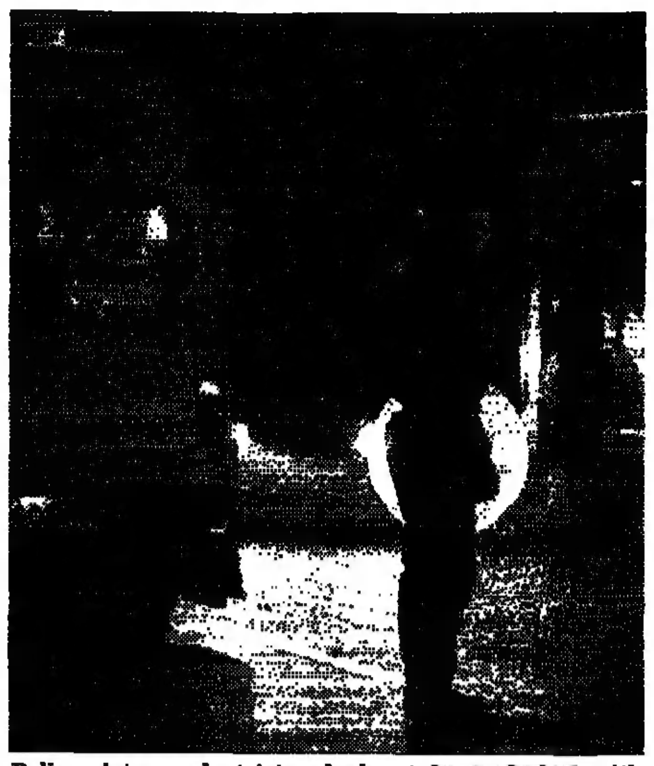
BRITAIN IN BRIEF

Benetton poster is 'offensive'

Benetton, the Italian fashion retailer, has been asked by the Advertising Standards Authority to withdraw an "offensive" nationwide poster campaign launched in the UK ten days ago. The poster, depicting a new-born, blood-smeared baby, had generated an unprecedented number of protests, the authority said: more than 800 complaints had been received.

Benetton had been advised before the campaign that the poster, produced in Italy, was "likely to cause great offence" but the advice had been ignored.



Police riot squads (pictured above) have clashed with youths in three British cities over the past few days. A power failure led to looting and attacks on police in Birmingham, England's second city. In Oxford police charged through a barrage of bottles to disperse 150 youths after two people were beaten up. In Cardiff 34 people have been arrested since Friday.

Reserves rise $71m in July

Britain's gold and foreign currency reserves showed a modest, underlying increase of $71m last month, which was in line with market expectations of a $100m rise. The Treasury said that the overall level of the UK's official reserves rose by $60m to $44.69bn at the end of August from $44.63bn at the end of July.

Disaster relief helpline

The British Red Cross has launched an information package designed to help local authorities set up future disaster appeals quickly. The Disaster Appeal Scheme offers the procedures and mechanisms to allow a trust to be established for public donations immediately in the event of an emergency.

Party launches new strategy

A financial strategy involving national savings and rapid progress towards European economic and monetary union has been launched by the Liberal Democrats. The document will be discussed at the party conference next week.

Employment inquiries up

Employment inquiries to Citizens Advice Bureaux rose 9 per cent last year to 775,000, with a majority coming from part-time, non-unionised employees of small firms.

The TUC and CAB called for changes to employment law to protect vulnerable workers – in particular to oblige employers of part-timers to issue them with written terms and conditions, and to abolish the two-year qualifying period necessary to lodge claims for unfair dismissal.

Graduates hit by recession

Companies affected by the recession are reneging on job offers to graduates, Mr Keith Dugdale, chairman of the Association of Graduate Careers Advisory Services, has said. He told the association's annual conference in Hull that equal-opportunity recruitment policies were at risk because the small number of employers still recruiting were overwhelmed by applicants.

Fall in apprentices

The number of apprentices joining manufacturing companies in the engineering industry this summer has dropped by an average of about 30 per cent, the new Engineering Training Authority has said. The ETA said enquiries this June at a representative sample of engineering training centres suggested that the intake of craft and technician apprentices would fall by between 25 per cent and 50 per cent, with an average of about 30 per cent.

IMRO issues handbook

The Investment Management Regulatory Organisation, the self-regulatory body for the fund management industry, has published a revised rulebook which largely frees professionals from investor protection rules. The rules still apply to 'private clients'.

IMRO is the first self-regulatory body to release a new rulebook intended to comply with the Securities and Investments Board's core rules. The rulebook has been tentatively approved by the SIB and takes effect from November 30.

Mining inquiry is set up

An investigation involving British Coal, the mines inspectorate and the mining unions has been set up following an accident at a South Yorkshire colliery when a conveyor belt ran out of control in a tunnel 900 feet underground. A fleet of ambulances took 41 injured miners to hospital, although none were seriously injured. The 642-man pit, which produces 9,000 tonnes of coal a week, will resume normal operations later today when staff will walk the 970 metres to the work area. There were 163 men underground when the accident happened.

Fund group postpones issue

Public disquiet about the risks of investing in financial futures and options has forced Prudential Holborn, the UK's largest fund management group, to postpone its planned launch of a unit trust investing in the derivatives.

Harrods lifts pay freeze

Harrods is lifting a six-month pay freeze and awarding its 3,000-plus staff a 6 per cent pay rise with effect from October 1 after an upturn in sales.

THE BCCI SHUTDOWN

Council officials criticised

TWO senior officials of the Western Isles Council are understood to be severely criticised in an independent report into the council's £23m loss in the closure of Bank of Credit and Commerce International.

The report by Professor Alan Alexander is believed to attack the roles of Mr George Macleod, the chief executive, and Mr Donald Macleod, the finance director.

The report was presented on Monday night to a council committee investigating the affair. Councillor Kathleen Macaskill, the committee chairman, yesterday said that she was "furious" that the report had been leaked. She added: "The person who leaked it is not worthy to be a councillor."

Hours before Monday's meeting, a source revealed that the 42-page report attacked Mr George Macleod's lack of leadership immediately after news of the loss was made public and for going home on the morning of a special meeting about the loss.

Mr Donald Macleod is thought to face criticism for the overall running of the council's finance department and for not revealing his relationship with a partner in a brokerage firm – although there is no suggestion of impropriety.

The Rev Donald Macaulay, the council convener, announced his resignation on Monday.

● PAKISTAN: The State Bank of Pakistan said yesterday there was some progress on the proposal by the Abu Dhabi-based Union National Bank (UNB) to buy the three BCCI branches in Pakistan.

UNB, formerly Bank of Credit and Commerce Emirates, sent the proposal to the state bank in July.

MANAGEMENT

Andrew Fisher explains why a German industrial group streamlined its activities

Rationalisation gives Linde a lift

Hans Meinhardt

Linde faces tough competitors in fork lift trucks from the Japanese

For a company which is the world leader in one of its activities and among the top producers in others, Linde is surprisingly reluctant to blow its own trumpet.

When the German industrial group bought Lansing Bagnall of the UK three years ago, it became the world's biggest producer of fork-lift trucks. It is also a prominent producer of gases, industrial plant, and refrigeration systems.

None of these industries is particularly exciting. Nor do there seem to be any obvious links between them, though the company insists there are some synergies. So what makes Linde tick? More to the point, what makes it so profitable?

Based on the outskirts of Wiesbaden – the elegant capital of the state of Hesse, which also includes the much more bustling financial and commercial city of Frankfurt – Linde does not go out of its way to encourage publicity. "We have a restrained style," admits Hans Meinhardt, 60, the chief executive. "Firstly, we are not so big. And secondly, we want to gain attention through our performance and not through making lots of noise."

Its record is one of steadily improving results. Turnover has doubled in the past 10 years, with an 11 per cent rise to DM6.1bn (£2.1bn) in 1990, and a further gain of at least 10 per cent expected for 1991. Net profits were 14 per cent higher at DM212m (£72.1m) last year, though the rate of increase in 1991 will be less than that of turnover because of a heavy investment programme; in the second half, pre-tax profits were 5 per cent higher at DM236m, with turnover up by 13 per cent to DM3.1bn.

Under Meinhardt, chief executive for 15 years, Linde has streamlined its main activities, shed peripheral businesses, and expanded in both western and eastern Europe. By the time he took on the top job at the age of 45 in 1976, the company had spread far beyond the original activity of ice-making and refrigeration equipment started by its founder, Carl Linde, a Munich engineering professor.

Meinhardt decided Linde was in too many areas of business. His thinking had been strongly influenced by a three-month spell with Raytheon, the US electronics company based near Boston. Tom Phillips, then the company's president, instilled some basic lessons into the young Meinhardt, who returned to Linde with firm ideas about its future.

Since Meinhardt took the wheel, Linde has sold off activities which produced around DM2bn of turnover. "We had more than 10 divisions. Now, we have only four." Among the businesses to go were machine tools, large refrigeration and air-conditioning units, diesel engines, and welding equipment. "Linde didn't look too good then," Meinhardt says of the time when he became chief executive. Through being in so many areas, it had lost its way. One lesson Meinhardt learnt from Phillips was that diversified companies had to be with the leaders in whatever activities they took part.

Another was that the businesses and products of such a group had to be large enough for its total size. There was no point in being in areas which took up too much management time for little reward.

Today, Linde's six-man board of directors is closely involved in operations, as well as taking care of strategic planning and financial controls. "We are a company where the management looks after the operations. We are not a conglomerate with a holding company at the top."

Linde only wants to be in areas which are technologically challenging and which its directors can understand. Meinhardt adds that the management board must also be no bigger than if Linde was a one-business company. Thus, each board member has responsibility for a function such as development, production, marketing, or finance. Each division also has a director representing its interests at board level.

"We want short decision-making channels," says Meinhardt. Between 70 and 80 per cent of the daily decisions are made by the operational line managers. The remaining 20 per cent or so, including big investments and acquisitions, is for the board. The director responsible can sort out many issues himself or with the chief executive. Thus the full board only has to discuss the biggest policy moves and is not bogged down with detail or bureaucracy.

Meinhardt stresses: "We are competing with companies which are only active in one sector. We have competitors which only make fork-lift trucks, or only produce gases, or only build industrial plant. And we want to be able to react just as quickly, competently, and flexibly as if we were only in one business area."

Meinhardt sees good prospects in all of Linde's sectors. In industrial gases, for example, it is spending heavily on new plant in east Germany and Czechoslovakia. At Lansing, an investment programme of more than £50m is under way. On the industrial plant side, Linde is building a DM1bn ethylene facility for BASF, the German chemical concern, in Antwerp; this is Linde's biggest ever contract.

In addition, the group wants to squeeze more profit from its divisions through better organisation, logistics, and rationalisation. The purchase of Lansing, for example, has led to a reshaping of Linde's industrial truck manufacture between its British, German, and French factories.

Because of the depth of the UK recession, Lansing's reorganisation is taking place at a rough time for the domestic materials-handling market. But the revamping is on schedule and last year's turnover at Lansing of around DM560m should be repeated in 1991, with a rise to well over DM600m in 1992. In 1994, the figure should exceed DM700m, with a return on sales of 7 per cent or more before tax, in line with the rest of the division.

Last year, the materials-handling division, including fork lift trucks and hydraulic machinery, accounted for just over half of turnover. But, as other activities like gases and plant construction grow faster, this proportion will drop to around 45 per cent in a few years.

Linde is investing some DM200m in new gas plant and equipment in the east German chemical complex of Leuna. As the east German economy picks up – Meinhardt sees signs that this is beginning – demand for industrial gases there should rise sharply. In the meantime, it can supply the new eastern states from its present facilities.

A further DM150m is being invested in gas plant in Czechoslovakia. Thus, while industrial gases now account for 20 per cent of turnover, they should move up to 24 per cent, with process plant (now 16 per cent) and refrigeration (13 per cent) also improving their shares.

In all four of its sectors, Linde faces tough competition. The Japanese are its toughest most spirited rivals in fork-lift trucks, though it is also up against US and European producers. In refrigeration, there are numerous European competitors.

Since industrial gases are too awkward to export, this market tends to be divided regionally. But the big European producers have pushed strongly into Germany.

Thus in all its activities, management agility will be at a premium. Linde is also alert for opportunities in the US, where its representation is weak and where the Japanese have over-run the industrial truck market. Self-effacing or not, Linde will certainly have to be aggressive in coming years.

Management abstracts

Report design: handle with care. *J Longhurst in Accountancy (UK), Apr 91 (2 pages)*

Sets out the attributes of design which make a good annual report: reading encouraged, ease of information access, key messages conveyed. Examines the growth of design companies geared to produce improved presentation, and specified some recent successes.

Simulating ownership for line managers. *G B Stewart in Journal of Applied Corporate Finance (US), Autumn 90, (9 pages)*

Considers the use of economic value-added as a performance measure to encourage managers to become "owners" and to compensate them for their efforts. Shows how EVA can be used as an incentive to improve performance through the use of two case studies at Coca-Cola and Applied Power (hydraulic/sensor technology).

Details how such a scheme should be separated from the budgetary and strategic planning process and how it can be financed.

Strategic transformation: the success of high-technology companies. *E B Roberts in International Journal of Technology Management (Switzerland). Special publication 1991 (22 pages)*

From a study of successful high technology companies in the greater Boston area of the US, attempts to identify the strategic actions needed to go on from some degree of success to the realm of super-success – to go beyond "better" and become "the best".

Concludes that a market-oriented strategic transformation is crucial to super-success.

Changes in employee share scheme law. *D Cohen in the Law Society Gazette (UK). March 91 (2 pages)*

Reviews the changes in the funding of employee share ownership plans (Esops) and the newer employer share ownership trusts (Esots) brought about by the Companies Act (1989) and the Finance Acts of 1989 and 1990.

Competitive advantages in manufacturing through IT. *J D Goldhar and others in International Journal of Technology Management (Switzerland). Special publication 1991 (19 pages)*

Examines the dominant trends that characterise today's business environment – such as shortened product life cycles, fragmented markets and more rigorous quality standards – which militate against mass production strategies and demand more flexible production methods which can be provided by flexible automation and computer-integrated manufacturing.

The Rolls-Royce experience. *K Janes in Logistics Today (UK). Jan/Feb 1991 (2 pages)*

Briefly outlines the steps taken by Rolls-Royce to introduce the total quality concept to its management and staff. Emphasises the "top-down" approach; explains the use of a steering committee to launch the concept and how various other agents were used as it permeated through the organisation. Concludes that total quality is a journey rather than a destination.

Restructuring is a continuous process. *J F Bandrowski in Long Range Planning (UK), Feb 91 (5 pages)*

Explains why companies choose to restructure by concentrating on the core business and divesting those parts of the organisation that no longer fit with a new vision which is planned rather than being a short-notice, knee-jerk reaction. Cites reasons for restructuring and presents a five stage restructuring process for a multi-division company to undertake: profiling the business, developing a vision, determining the major moves, and rejuvenating, divesting and acquiring.

Changing the company culture. *E H Burack in Long Range Planning (UK), Feb 91 (8 pages)*

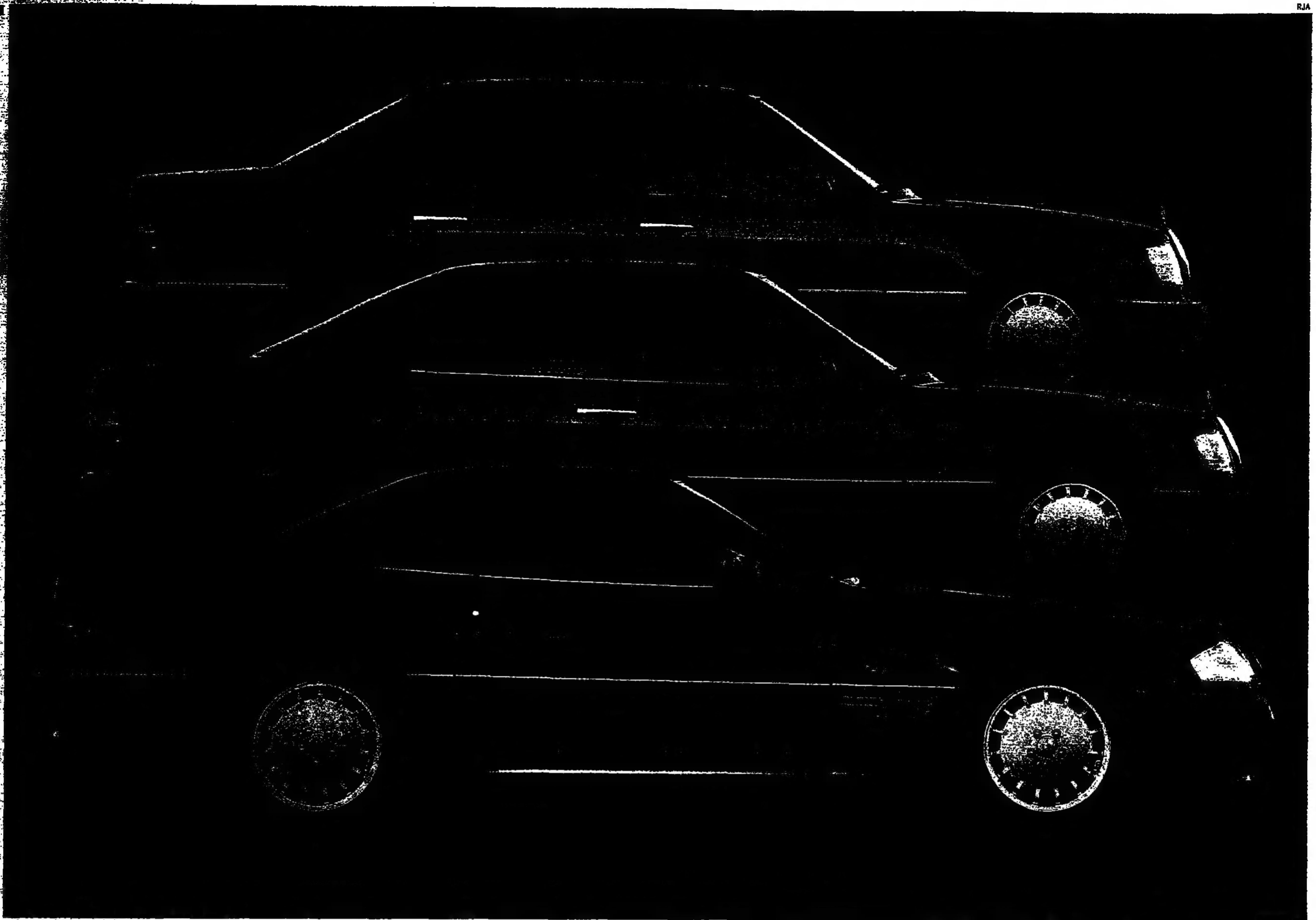
Looks at the issues of corporate culture, defining what cultures and sub-cultures are and how instigating cultural change can be difficult (case studies provide examples). Warns that attempts to change the culture often fail because of poor understanding and over-reliance on quick-fix solutions, or a failure to deal with such problems as the leadership of the business or staffing matters. Insists that changing the corporate culture can be of value; stresses the role of human resource development programmes.

Characteristics and practices of "Christian-based" companies. *N Ibrahim & others in Journal of Business Ethics (Netherlands), Feb 91 (10 pages)*

Describes a study carried out to assess the characteristics and culture of "Christian" companies (described as firms which operate on a combination of business and religious values). Focuses on four major relationships these companies have with employees, customers, the community, and suppliers. Finds, among other things, that such companies engage in on-site religious practices, play music on company premises and invite clients and suppliers to pray.

Unleashing a plant revitalisation. *M Harlan in The McKinsey Quarterly (US), No 1 91 (17 pages)*

Explains how one can distinguish between those unsatisfactorily performing manufacturing plants that can be turned around and those that are beyond redemption.



Front to rear: 500SL sports convertible, 300CE coupe, 300E saloon

"Good design is the art of knowing what to leave out"

Bruno Sacco, Director of Design, Daimler-Benz AG.

Bruno Sacco is a highly quotable man. He is, for instance, very eloquent on the subject of decorative elements on a car and how desirable it is to avoid them. He speaks of the "sculptural purity" of Mercedes-Benz bodies, and how they should be "functional, unobtrusive, yet express a clear dynamic message." You only have to glance at the three cars here to see what he means.

Timeless Styling Is A Good Investment

Sacco heads the design team that produced all three as well as the 190 series and the august S-class. And what he is expressing explains why Mercedes-Benz cars hold their value so well. By resisting shallow trends – by knowing what to leave out – Mercedes cars achieve a timeless freshness that protects your investment at trade-in time.

Car designers, says Sacco, are "applied futurologists." The trick is to produce shapes that will live long and well in the public consciousness. Look closely at any of today's Mercedes models and you'll see more than sculptural beauty, however. Every feature also has a down-to-earth purpose.

The closed-loop door handle, for example, is not only elegant and ergonomically satisfying to use – it can be a life-saver because it is designed to accept great pulling force after a catastrophic accident. Notice the deeply ribbed rear light cluster. This is no stylist's whim, but a meticulously profiled functional shaping that deflects dirt and grime. The vertical channelling on the A-pillar which frames the windscreen ensures that rain or washer fluid is kept off the side windows. The stylish protective side mouldings, apart from adding visual coherence to the overall design, do much to shield your car's bodywork from scrapes and knocks.

Art Of The Necessary

Mercedes design acknowledges both scientific imperatives and a wealth of tradition. At Mercedes-Benz, heritage is always an important ingredient; and for Bruno Sacco, an Italian of the Turin school, so is sensuality. Knowing what to leave out is a vital but elusive skill – as important, in fact, as knowing what to put in.

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BUSINESS AND THE ENVIRONMENT

Property companies will be the main victims of tougher legislation controlling the use of contaminated sites, writes **Peter Knight**

The land trap that awaits developers

Beware if you own property that was once used as a petrol station or dry cleaners – you could be sitting on a potential liability.

Next April local authorities in the UK will begin to list properties which may be contaminated as a result of their current or previous use. Registers will include a wide range of sites from nuclear plants through to petrol stations and the local dry cleaners. Any property that could have become contaminated with noxious substances, such as oil, heavy metals and cleaning spirits, will eventually appear on the list, whether or not the land is actually contaminated. And once listed, the property will never be removed.

The register – part of the UK's new set of "green" laws, the Environment Protection Act – is designed to reduce the problems and costs of discovering contamination during redevelopment. And it will provide the basis for the first nationwide survey of potentially contaminated sites.

It should also prevent houses, for example, being built on potentially dangerous soils, as happened in 1980 in the small town of Lekkerkerk in the Netherlands. There, 286

Developers fear the move will alarm the public and devalue properties

houses were built on a former refuse tip. Unknown to the developers, the dump had been illegally used to dispose of toxic wastes which rose to the surface and made people ill.

The UK government is now considering comments from the public consultation exercise about its proposed register before it finalises the exact nature of the list. Property owners and developers are alarmed about the broad sweep of the definitions suggested by government. But more important, they are fearful that the register will cause planning blight, public alarm and devalue properties.

They have every reason to be concerned, considering the experience with similar registers in Germany, Holland and Denmark.

"The net has been cast too widely. Registration in this form will raise more issues than it solves," says David Coates of the UK's House Builders Federation.

Hanni Helps, director of the British Property Federation, says the public would assume that all property on the list is contaminated. "And that will obviously affect the value."

Lenders, such as banks and building societies,stand to inherit the problem if the owners default on their debts. Insurers, unless they have specifically excluded pollution in their policies, could also find themselves with an unexpected bill for cleaning up.

Denmark has had a similar, but not identical, register since 1983. Henning Reinholdt of Gaarde, Denmark's leading industrial property agency, says it is difficult to sell property that appears on the list.

"Potential buyers are worried about the high cost of decontamination. When we sell a site or a factory the contract is subject to the discovery of any polluted soil. The seller has to prove that the soil is clean and if pollution is found then it has to be removed or the price adjusted to pay for the cleaning," he says.

Denmark's rules on contaminated land, as in Holland, are rigid because nearly all its drinking water comes from underground supplies. Any risk of water contamination is quickly dealt with by the authorities and the property owner could be liable to bear the cost.

In Denmark, government funds are available to clean up sites, but these are limited and property owners with lightly polluted land invariably clean it up themselves if they want to change the designated land use, rather than wait for grants to become available.

"Once registered as contaminated, many sites turn from a positive into a negative value," says Lars Skov Andersen, an environmental consultant with the Danish firm of Cowi Consult. The company advises developers on how best to develop contaminated sites. Cowi's business in this field has grown substantially since the register was set up.

"Our impression is that decontamination is taken as yet another development cost. But then developers think twice about developing such land," says Andersen.

Thinking twice, or not at all, is the cause of much of the blight that already affects the UK's so-called brown-field sites. Developers say it is difficult enough developing these sites, such as old gas works, without the added problem of the property appearing on a register forever.

In Denmark properties can be removed from the register once they have been cleaned up. This can, however, prove to be difficult because, as in Holland and Germany, there is much debate about what constitutes clean land.

Denmark, like the UK, has various grades of decontaminated land. Some can, for example, be used as a car park but not for a playground. The Dutch insist that all land is restored to agricultural use.

Stuart Lipton of Stanhope Properties, a commercial developer, has pioneered environmentally responsible development in the UK. Stanhope's Stockley Park, west of London, is a good example of cleaning up and developing contaminated land – but the site will almost certainly be listed with possible implications for its value.

Lipton agrees that property values in general could be affected by the register. "But conceptually the register is right. It is the right way to go ethically and it is only reasonable that everyone should have a 100 per cent knowledge about a site," he says.

Much of the concern about the register is based on the UK's traditional secrecy about property deals as well as the legal responsibility placed on a buyer to find out about any problems that might exist. The register will publicise information that the seller would normally try to keep secret.

Malcolm Forster of the environmental group at Freshfields, a firm of solicitors, says property sellers should acknowledge that contamination is a hazard of their business and adopt a more open attitude to the subject.

"The register gives an opportunity to include a statement about what has happened to the land. If there is contamination owners should clean up to the limit they think acceptable to the market and they should get independent evidence of this. Then they ought to be upfront about it when selling."

He says it then follows that property owners should also be more conscious of preventing contamination on their sites. "There is no question that contamination will become an important issue because of the potential liability involved."

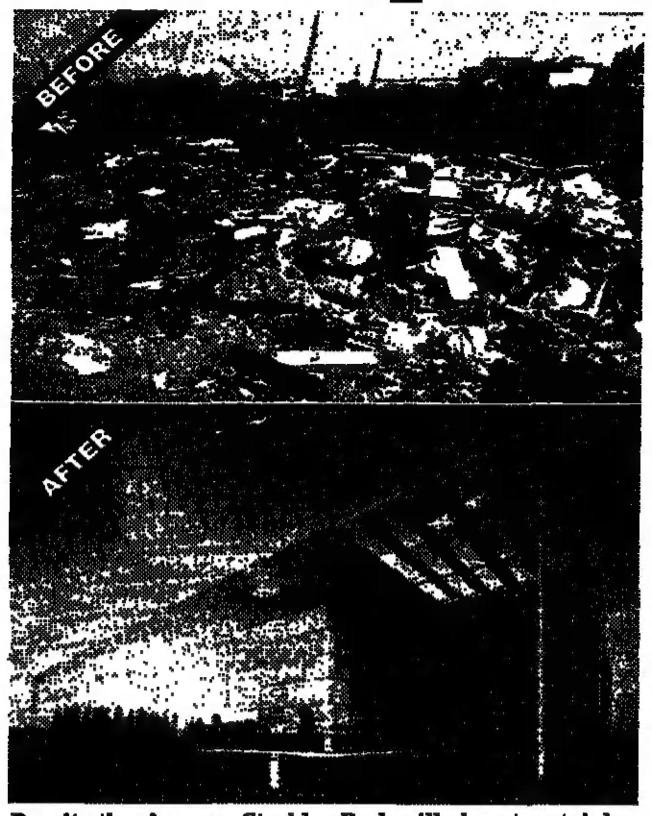
But some advisers are calling for the register to contain more detailed information.

"It would be useful to be able to include more history and greater detail of decontamination, including interpretation and validation. Owners should be able to state that the site has been cleaned up to a particular standard," says Richard Haines of environmental consultants Ecotec.

However this introduces the problem of clean-up standards and the lack of clear guidelines of what constitutes decontaminated land. Ideally, developers in Europe would like governments to set the standards and then provide the money to pay for the costly business of decontamination.

This, in part, has been tried in the US through its Superfund which stood at $8bn in 1986. The scheme, designed to develop appropriate technologies and to clean up the country's many toxic sites, was financed through levies on chemicals and from general taxation. But it has been criticised for wasting money and some estimates put the cost of cleaning up the designated sites at $500bn by 2000.

The Germans have rejected calls for a similar fund. And the UK government will make no financial offers to those who end up on its list in April.



Despite the clean-up, Stockley Park will almost certainly be included on the UK list of contaminated sites

Geneva passes the buck to Rio

By John Hunt

Three weeks of negotiations in preparation for next year's 150-nation United Nations 'earth summit' in Rio de Janeiro, Brazil, draw to a close in Geneva today amid allegations from environmental pressure groups that little has been accomplished.

But Maurice Strong, the Canadian businessman who is secretary-general of the summit – officially entitled the UN Conference on Environment and Development – remains confident that it will be a success.

"The real cliffhanger will be at Rio de Janeiro . We are trying to get the ropes in place to scale that cliff. At the moment we are only at the base."

At Rio de Janeiro an "earth charter" will be agreed laying down principles for the protection of the global environment. In addition, an "Agenda 21" plan for the next century will be drawn up setting out practical programmes for countries to implement to protect the environment.

Greenpeace, the environmental lobby group, says the government officials from 150 countries who participated in the Geneva round "lost their way" in attempts to agree proposals on a range of environmental topics including energy conservation, preservation of the rain forests, bio-diversity and toxic waste.

Gordon Shepherd, director of campaigns and treaties for the World Wide Fund for Nature (WWF) said: "There is still time for them to build something significant for Rio de Janeiro. But there is no indication that they are doing so at the moment."

At Geneva, the exasperation of environmental ginger groups was understandable during discussions on both the "earth charter" and "Agenda 21".

The Geneva round is the third in a series of four preparatory meetings, and it appears that a final decision on many topics is being left for the fourth and final session in New York next March.

For example, there was no agreement at Geneva on a detailed plan to protect rainforests. Only a set of general principles was agreed and it is now accepted that the final plan will have to be thrashed out after the Rio de Janeiro summit.

Discussions on conservation of energy to combat the threat of global warming – including a possible energy tax – ran into stiff opposition from the US. Robert Reinstein, head of the US delegation at Geneva, said the proposals concentrated too much on energy consumption as the cause of global warming. The proposals were "too interventionist" and a potential violation of national sovereignty, he said.

There was also much friction between the Group of 77 developing countries and the industrialised states. Speaking for the Group of 77, Edward Kufuor of Ghana said the proposals in Agenda 21, for example, favoured the developed countries.

Strong is eager that development aid to the Third World should figure largely in the environmental debate. At Geneva the issue of aid for environmental improvements caused the Group of 77 much disgruntlement.

They maintained that the industrialised countries have been the main polluters – for example, in their industrial emissions which cause global warming and acid rain – and should help the Third World pay for the cost of cleaning its environment.

Strong agrees that more needs to be done in this direction and sees debt reduction tied to environmental improvement as an important means of resolving the issue.

"Industrialised countries must recognise that one of the best investments they can make for global environmental security is in the developing countries," he said.

Amid all the turbulence at Geneva, Strong retained a calm born of many years' experience in inter-governmental negotiations.

"Some of these outstanding questions will not yield to negotiation until the last stage of the process," he said. "It is a long slog with tough, even tedious, negotiations long into the night."

Strong, aged 62, came up the hard way. He was born in the Manitoba prairie town of Oak Lake (population then 400) in 1929, the year of the Great Depression.

He became an apprentice fur trader with the Hudson's Bay Company in the Northwest Territories where he fell in love with the environment and learned to respect the *Inuit* native people.

At 18 he became a temporary security clerk at the United Nations headquarters and then returned to Canada where he worked as an oil and mining securities analyst and, aged 23, made his first real money in a new oil company.

By his 35th birthday, he had become president of the Power Corporation of Canada, one of the country's largest companies. He left his business career to become secretary-general of the UN Conference on the Human Environment and later went on to become the first executive-director of the United Nations Environment Programme. Thereafter, he returned to Canada to run the national oil company, Petro-Canada.

Strong believes that industry in general has woken up to the environmental challenge and is doing much to reduce pollution though there is a long way to go.

In terms of pollution control technology and working to a national environmental plan stretching into the next century, Strong believes that the Japanese have long since surpassed other western industrialised countries.

"Japan is on the way to becoming an environmental superpower. It is already well advanced in the eco-industrial revolution. The Japanese see the importance of the environment in economic terms. They are product-oriented and are changing their patterns of production and consumption. They are well along the road of cleaner production."

Japan, for instance, possesses 80 per cent of the world's scrubbers to remove sulphur dioxide from power station emissions and reduce acid rain, he said.

A FINANCIAL TIMES SERIES: Part 8

EUROPEAN FINANCE AND INVESTMENT

The Netherlands

In an effort to build up domestic dominance before looking outside their own borders, Dutch financial institutions have embarked on an impressive series of mergers which have transformed the country's financial world leaving a small but powerful group of operators, writes Ronald van de Krol

Merger pace accelerates

THE normally slow-paced world of Dutch finance has changed beyond all recognition in the space of a single year. A dizzying round of mergers and consolidation has left the Netherlands with a handful of big operators who, will need to look abroad for future growth and acquisitions.

The first of the financial mega-deals was the merger of the country's two largest banks, Amsterdam-Rotterdam Bank (Amro Bank) and Algemene Bank Nederland (ABN Bank), which took place in September last year.

This transaction was swiftly followed only two months later by the surprise news that Nationale-Nederlande, the leading Dutch insurer, was to merge with NMB Postbank, the country's third-biggest bank which was still struggling to carry out a merger that had created it in the first place.

The link-up of Nat-Ned and NMB Postbank to create the Internationale Nederlanden group was made possible by changes in Dutch regulations which had previously barred insurers and banks from owning more than 15 per cent of each other's share capital. Although relative latecomers to the concept of *Allfinanz* or *bancassurance* – the German and French terms, respectively, for banking-insurance partnerships – Dutch banks and insurers have taken to the concept of "financial supermarkets" with all the enthusiasm of the newly converted.

In fact, unlike many banking-insurance partnerships in the UK, Germany and France, which involve cross-holdings of minority stakes, the Dutch have preferred to conclude full mergers rather than opting for a looser form of alliance.

Among recent examples in the current bout of consolidation has been Rabobank's acquisition of the insurer Interpolis, as well as the full merger between Amev, the third-largest Dutch insurer, and VSB, the Netherlands' largest savings bank group. (Amev/VSB later merged with the Belgian insurer AG to create the Fortis group).

All in all, 1990/1991 has proven to be the most eventful period in Dutch finance since 1963/1964, when the original ABN, Amro and Nat-Ned were created through an equally extensive series of mergers. The past year's transactions between ABN and Amro and between Nat-Ned and NMB Postbank are by far the largest mergers in Dutch corporate history.

The two mergers have created a powerful concentration of financial strength which in many other countries would have been more difficult to achieve because of stronger anti-monopolistic traditions.

Between them, ABN and Amro have about half of the corporate banking market, although their share of retail banking is far lower at around 15 per cent.

Together, they and their subsidiaries also account for at least 40 per cent of all trading on the Amsterdam stock exchange. Internationale Nederlanden is by far the largest shareholder in the Netherlands, owning stakes of 5 per cent or more in virtually every important bourse-listed company.

The new bank ABN Amro, which ranks among the 10 largest in Europe, has made clear from the start that it wants to grow abroad by acquisition. So far, it has bolstered its existing presence in New York and Chicago through smaller purchases, but it has yet to make the big banking acquisition at which it hinted in mid-1990.

Internationale Nederlanden, which claims to be the second most profitable financial institution in Europe after Banco de Bilbao y Viscaya of Spain, has also said that it will concentrate on banking when it is ready to start making international acquisitions. At the top of its priority list are wholesale and merchant banking, followed by retailing banking and insurance.

Despite [redacted] flurry [redacted] activity, not [redacted] of [redacted] premier [redacted] institutions [redacted] merger [redacted], which, [redacted] co-operative bank, [redacted] bourse-listed, [redacted] to conclude co-operation accords [redacted] foreign [redacted] Lloyds [redacted] of the UK, Credit Agricole [redacted] and Banco Popular of Spain.

In insurance, Aegon, which was highly critical of the Nat-Ned/NMB Postbank merger, has said that it will not merge with a bank, although it has not ruled out partial co-operation with a banking partner.

Unlike the series of US banking mergers announced during [redacted] summer, both [redacted] Amro and Internationale Nederlanden mergers were [redacted] motivated primarily by [redacted] cut [redacted]. And, unlike the [redacted] institutions, [redacted] Dutch merger partners were also not seeking to solve problems [redacted] by poorly-performing loans: all four were conservatively managed and all possessed good quality assets.

Instead, [redacted] driving force [redacted] the [redacted] trend has [redacted] consolidate and strengthen domestic dominance as a prelude to expected expansion abroad, especially in Europe.

This pattern of [redacted] link-ups is a far cry from the "Euro-euphoria" of [redacted], when the [redacted] Dutch finan[redacted] border partnership, exempli[redacted] by A[redacted]o Bank's plans to [redacted] with Générale de Banque of Belgium. This [redacted] for European banking, fell through, and Amro's later [redacted]sion to [redacted] instead [redacted] ABN is indicative [redacted] the new emphasis on sewing up national markets [redacted] embarking on cross-border expansion.

In [redacted] both [redacted] ABN Amro and Internationale Nederlanden mergers [redacted] regarded [redacted] strongly defensive moves, motivated in part by [redacted] wish [redacted] deny foreign competitors [redacted] chance to steal into the open Dutch marketplace and [redacted] away further banking [redacted] business.

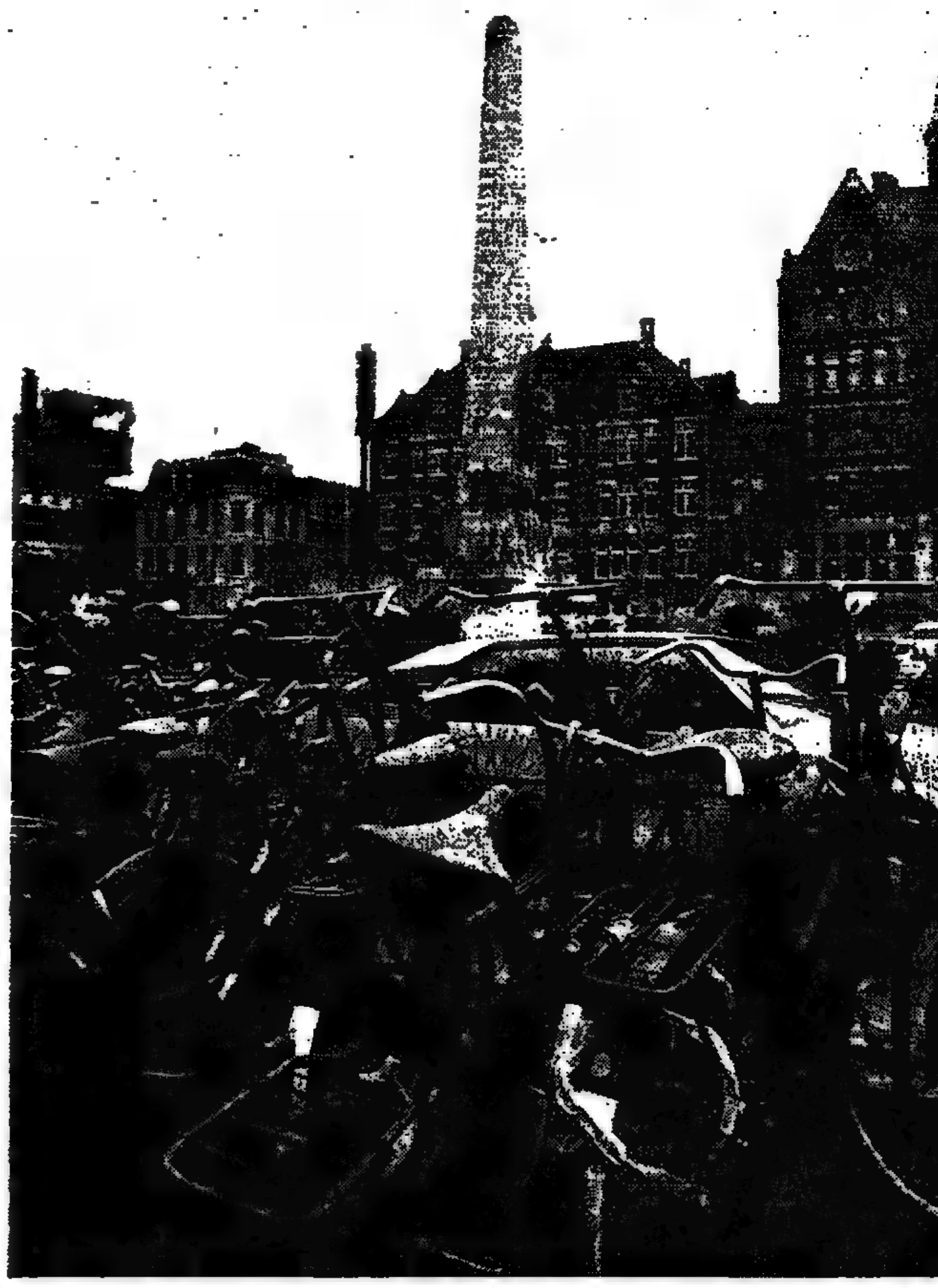
In [redacted] Nederlanden, the marriage between [redacted] NMB [redacted] was a way for the Netherlands' biggest insurer to ensure that it gained full control over [redacted] Postbank's extensive [redacted] outlets, [redacted] encompass the more than [redacted] branches of NMB Bank and the 2,500 Dutch [redacted] used by the Postbank. [redacted] network [redacted] lucrative channel for selling Nat-Ned's insurance policies to the Dutch public.

Allfinanz has [redacted] existed long enough [redacted] Netherlands to [redacted] firm [redacted] on whether [redacted] banking [redacted] insurance will sow the profits [redacted] Nederlanden and [redacted] recently merged institutions are hoping to reap.

But there is little doubt that the arrival of banking-insurance groups has fundamentally reshaped the Netherlands' [redacted] community.

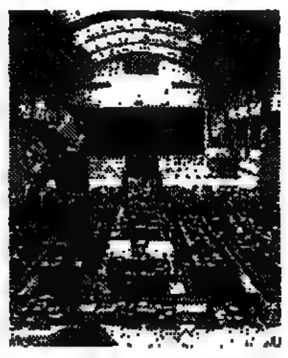
Among [redacted] immediately [redacted] independent Dutch insurance intermediaries, who distribute [redacted] all [redacted] policies written every [redacted] in [redacted] Netherlands. Many intermediaries were severely critical of Nat-Ned's plans to harness NMB Postbank's outlets, [redacted] the Association [redacted] Independent Insurance Agents – one of two important groups of [redacted] intermediaries – [redacted] members [redacted] boycott [redacted].

Despite [redacted] opposition, it is [redacted] *Allfinanz* [redacted] in [redacted] Netherlands to stay, bringing with it f[redacted]hing chan[redacted] for consumers, [redacted] and brokers alike.



Dam Square, found [redacted] Amsterdam's [redacted] option [redacted]

IN THIS SURVEY



Amsterdam [redacted] exchange

PROFILE: RABOBANK

Outsider with confidence

RABOBANK, the large co-operative bank, likes [illegible] see itself [illegible] a bit [illegible] an outsider. The bank feels it has no need [illegible] follow the crowd. So Rabo, ensconced in its new [illegible] headquarters, has [illegible] unruffled by the momentous changes [illegible] in [illegible] Dutch banking scene. In the space of two years it saw its main four competitors reduced [illegible] through mergers.

Since then Rabo has become the [illegible] largest bank in asset terms in the country. Rabo and ABN Amro together now [illegible] strong grip on [illegible] Dutch market.

So it [illegible] not as if the bank has been left empty-handed and wishing as if it had [illegible] earlier. On [illegible] contrary, Rabo's chairman Mr Herman Wijffels feels all [illegible] merger activity [illegible] have [illegible] advantages than disadvantages for [illegible].

Most corporate [illegible] like [illegible] have two advisers. [illegible] the ABN Amro [illegible] find an alternative. "The client's [illegible] so much smaller that [illegible] often [illegible] natural choice next [illegible] Amro," says Mr Wijffels. Another advantage [illegible] that [illegible] competitors are busy getting their act together. "In the meantime [illegible] spend our time develop[illegible] business," [illegible] Mr Wijffels.

But this relaxed [illegible] not mean that Rabo has been standing still. It has moved from being [illegible] largely domestic agricultural bank to being an international all-rounder [illegible] specific expertise in [illegible] global agri-business.

[illegible] the bank purchased [illegible] medi[illegible] insurer, Interpolis, immediately [illegible] the regulations [illegible] kept insurers and [illegible] apart [illegible] changed. At [illegible] end [illegible] year it signed a co-operation [illegible]tract with Robeco, one of the largest independent fund management groups in Europe. The bank has also set up agree[illegible] with Britain's Lloyds Bank, Spanish [illegible] Popular and France's [illegible] Agri[illegible]. [illegible] co-operation agreements [illegible] Rabo [illegible] branch net[illegible] foreign banks.

It might appear as if Rabo were purposely avoiding [illegible] in [illegible] banking [illegible] Mr Wijffels [illegible] any strategic decision to keep [illegible] of the [illegible] straight [illegible] points to a [illegible] possibili[illegible]. "Most [illegible] time [illegible] potential candidates are either too expensive or bad quality." Also, the co-operative structure of the bank [illegible] with other [illegible] nearly impossible.

Rabo [illegible] a Johnny-come-lately [illegible] international banking [illegible]. This [illegible] largely [illegible] its internationalisation has followed [illegible] abroad. The goal [illegible] provide services [illegible] Dutch business clients in [illegible] coun[illegible] important [illegible] Dutch trade.

But there has [illegible] a balance between [illegible] and [illegible] clients would like to [illegible] and potential profits [illegible] Mr Wijffels points [illegible] Japan. Many times, partly because of [illegible] agrarian client base, [illegible] bank [illegible] at [illegible] in Japan and

Rabo's new Utrecht headquarters: international business is now on the agenda

Herman [illegible] merger [illegible] bank

[illegible] plans. A profitable [illegible] difficult [illegible] achieve.

In general, however, [illegible] present in all [illegible] important [illegible] capitals in Europe, because that [illegible] where the clients [illegible] help. [illegible] foreign [illegible] quite profitable according to Mr Wijffels. "It [illegible] difficult [illegible] well abroad. The [illegible] why we were relatively successful [illegible] we always [illegible] a good synergy between head office and branch, put people [illegible] trust in charge [illegible] the branches, and focus the business narrowly on what we are good [illegible] home." [illegible] kept [illegible] of junk [illegible] and complicated [illegible] engineering while it [illegible] largely [illegible] agri-business.

Rabo's triple-A rating [illegible] now so rare [illegible] "outsider" image in [illegible] international financial community. [illegible] top rating also helps international development. Who would not want to do [illegible] deal with one of the few triple-A [illegible] banks? The bank is relatively confident [illegible] can hold on to this rating, "but you never [illegible] what can happen," says Mr Wijffels. "If the general level [illegible] international banking keeps dropping eventually we will be affected too."

But net profits grew by 8 per cent in 1990 while the profits of its direct competitors fell by around the same amount. Predictions are that earnings growth will slow this year as [illegible] economic [illegible] and [illegible].

[illegible] was originally [illegible] farmers, agri-business companies [illegible] and medium-sized businesses, it is now also trying its luck among the larger prey. The bank has a full-scale wholesale bank located [illegible] with a [illegible] capital [illegible] corporate division [illegible] merchant banking [illegible].

[illegible] a latecomer [illegible]. The bank was [illegible] some ways acting as [illegible] savings [illegible]. "In [illegible] 80s [illegible] savers turned into investors. [illegible] one of the reasons why we linked up with Robeco," says Mr Wijffels. Rabo [illegible] now a [illegible] example of [illegible] *Allfinanz* concept. The Rabo [illegible] now put his savings as just as easily into life insurance as securities.

Mr Wijffels sees the large 2,200 branch network as [illegible] strength rather than a liability. To him it [illegible] an excellent distribution channel for insurance, banking and invest[illegible] products. However, the branch net[illegible] will [illegible] next couple of years.

[illegible] on its domestic dominance through [illegible] holds 40 per cent of the savings deposits, 25 per cent of the home mortgages, 40 per cent of financing market for small- and medium-sized businesses and 90 per cent of lending [illegible] agricultural sector – [illegible] can [illegible]ccessfully hold on to the quiet confidence of an outsider.

Edi Cohen

Lifting of limits on mergers has encouraged a wave of alliances

Banks find new bedfellows

[illegible] January 1990, banks [illegible] companies in the Netherlands [illegible] separated by [illegible] Central [illegible] structural supervision policy, under [illegible] insurers were forbidden [illegible] more [illegible] in [illegible] other's companies, with a 5 per [illegible] voting rights.

The removal of this obstacle, the forthcoming disa[illegible] EC borders [illegible] the [illegible]panying threat of increased international competition helped spur the [illegible] of [illegible] banking/[illegible].

In addition, [illegible] nies' [illegible] to [illegible] their independence [illegible] encouraged [illegible] to seek [illegible] alliance partners. The Dutch industry has [illegible] scrambling [illegible] catch [illegible] in several other Euro[illegible] countries, where [illegible] have been moving [illegible] for some years.

A survey last year by Arthur Anderson among 420 directors of insurance companies in [illegible] European countries concluded [illegible] the European-wide movement [illegible] peak [illegible] banks capturing 20 per [illegible] more [illegible] European insurance market. Respon[illegible] predicted that [illegible] Netherlands, [illegible] deregulated market, [illegible] among countries likely [illegible] more foreign [illegible] acquirers, especially as [illegible] 150 foreign insurers active [illegible] the Netherlands now hold only about 10 per cent of the market.

First off the mark last year were insurer Amev and banking group Verenigde Spaarbank, which had taken 5 per cent crossholdings ahead of deregulation with the stated intention of merging when this was permitted.

It was also the first group to link up with a cross-border partner, Belgian insurer AG. The group, which has been named Fortis, has the same structure as the Royal Dutch/Shell group, except that Amev and AG are 50/50 partners.

In May last year, the co-operative bank Rabobank took over insurer Interpolis and also linked up with investment fund group Robeco, completing its version of the *Allfinanz* concept, according [illegible] Rabobank [illegible] Mr Herman Wijffels.

Last August's marriage between [illegible] Bank, one [illegible] Dutch [illegible] mergers, did not involve an insurer, although Amro Bank [illegible] its [illegible] insurance operations. NMB-Postbank, the country's third-largest bank, completed its controversial [illegible] with insurer [illegible]ionale-Nederlanden to form Internationale Nederlanden Groep (ING) on March [illegible] after overcoming strong opposition [illegible] by rival insurer Aegon. [illegible] only important Dutch [illegible] which [illegible] find a banking partner.

A partnership with [illegible] insurer [illegible] Nat-Ned vastly increases NMB-Postbank's financial clout, [illegible] solvency ratios [illegible] much higher [illegible] bank. This in turn can [illegible] faster expansion abroad, particularly in [illegible] panies [illegible] investment [illegible].

[illegible] slowly changing shape [illegible] years, one key development being Robeco's [illegible] the Roparco giro savings [illegible]. Operating [illegible] branches, [illegible] competitive [illegible] rates, sharpening up growing [illegible] "free" (non-contractual) savings. [illegible] then, many [illegible] higher interest rate savings products, [illegible] private [illegible] deposit account, [illegible] introduced, moving [illegible] and capital [illegible].

[illegible] 1990, [illegible] traditional strict separation [illegible] savings banks, lending banks, insurers [illegible] independent [illegible] brokers [illegible] blurred. An industry survey [illegible] independent [illegible] in mort[illegible] arranged personal [illegible].

An [illegible] Amro report, "Europe [illegible] banking sector", concluded [illegible] competition between [illegible] suppliers [illegible] financial services [illegible] hot up further, [illegible] on capital management and savings and investment products. This [illegible] because the age profile of the Dutch population is gradually rising, while the economy is expected [illegible] show steady, if moderate, growth.

[illegible] banks, a key factor [illegible] been the [illegible] savings market structure towards [illegible] life insurance, while other growth opportunities such [illegible] corpo[illegible] banking have [illegible] under threat [illegible] big international companies expand their [illegible]sury department in-house banking [illegible].

In countries [illegible] France, Germany and [illegible] UK, banks have been successful in increasing their [illegible] life [illegible] market, [illegible] French banks now capturing [illegible] than half of [illegible] life busi[illegible]. Rabobank's alliance part[illegible] Credit Agricole [illegible] up a life insurance subsidiary, Predicam, in 1987, [illegible] grown to become one of [illegible] top three in France.

For insurers, a banking partner provides access to a relatively loyal [illegible] achieved by distributing [illegible] products through banks can [illegible] as [illegible] two-thirds, according [illegible] industry experts, with experience in other countries demonstrating that insurance [illegible] efficiently through [illegible] bank's [illegible] than through "cold" [illegible].

Supervision [illegible] now being combined at group level

Amev/VSB-AG management board secretary Mr Leo Lewin explains [illegible] pioneered [illegible] approach [illegible] the market. Banking and [illegible] operations continue [illegible] managed separately, but under combined supervision [illegible] level.

[illegible] products by [illegible] showing "some spectacular development", Mr Lewin says. From [illegible] insignifi[illegible] base, [illegible] now the larg[illegible] seller [illegible] life insur[illegible] products, and has made [illegible] important contribution in selling fiscally-attractive single premium products. [illegible] esti[illegible] that [illegible] 15 [illegible] life products [illegible] through [illegible] banks, [illegible] VSB accounting for [illegible] per cent.

For sales of savings products with [illegible] banking character, he [illegible] VSB [illegible] developed [illegible] new selling lines using Amev insurance brokers. It has also agreed [illegible] office license formula with several firms of broker, who will sell banking products for [illegible] remaining free [illegible] for other companies, Mr [illegible].

"The general [illegible] in the Dutch market [illegible] insurance intermediaries increasingly want to [illegible] other products. All products [illegible] through all channels at the same price – that's very important," Mr Lewin says. For VSB, the need to become more aggressive and [illegible] in selling [illegible] already well understood [illegible]. [illegible] is in the [illegible] of transforming itself from [illegible] savings [illegible] commercial bank.

The [illegible] groupings have [illegible] under [illegible] from some quarters, particularly the ING merger. The independent insurance brokers, on which [illegible] dependent for about [illegible] per [illegible] domestic activities, complained bitterly about the ING deal, under which NMB-Postbank will only [illegible] Nat-Ned [illegible] products. However, independent brokers [illegible] general remain well placed [illegible] growing demand from increasingly sophisticated [illegible] for expert, tailor-made advice, industry experts say.

The consumers union Consumentenbond sent a letter to Sir [illegible] Brittan at the [illegible] of the ING merger expressing [illegible] that [illegible] would [illegible] monopolistic tendencies, price increases and a deterioration in the consumer's position, as well as damaging product innovation as tailor-made products would give way to standardisation. It was also concerned that home buyers might be forced to take out an insurance company with the same company as that providing their mortgage.

The combined offer of services clearly offers potential cost-savings for companies and benefits for customers, but how far [illegible] benefits [illegible] practice will depend [illegible] comprehensive [illegible] supply [illegible] is, [illegible] particularly on adequate competition, forcing suppliers in all types of combination to live up [illegible] their stated [illegible] becoming [illegible].

Caroline Studdert

Centre reinforces its position as an international hub

Amsterdam holds the fort

LAST year the atmosphere among Amsterdam financiers was tinged with fears that their financial market – one of the oldest in the world – would be sucked up by giant competitors such as London. Today, this feeling of panic has been replaced by a calm determination. The fort has to be held but there is a good chance Amsterdam will keep its place among the solid, if second-tier, world financial centres.

The earlier fear served a purpose, however, spurring an important initiative supported by such figures as Mr Willem Duisenberg, president of De Nederlandsche Bank and Mr Ed van Thijn, mayor of the City of Amsterdam.

The group produced an analysis of Amsterdam's strengths and weaknesses in order to identify real opportunities. The exercise was then to enhance the traditional position of Amsterdam as an international centre for financial products and services.

In March of 1989 this group issued a report which called for the implementation of more than 20 initiatives to reinforce and extend Amsterdam's competitive position. The foremost goal was to ensure that Amsterdam would remain in all respects attractive as a financial gateway to the European market.

An impressive agenda was set up, part of which was completed by July 1990. The work was to deal with both the inhibiting factors on the market and the physical shortcomings of Amsterdam itself.

One of the main worries of the financial community was the fact that some said as much as 80 per cent of the large guilder bond market was going through London as a result of restrictions on the Dutch market. Most of these contraints were lifted last July. For example, stamp duty on securities transactions was abolished and fixed settlement was set up.

Market transparency was improved by the reporting of trades involving foreign intermediaries. A market making system – "the open order book" – was installed to increase the liquidity of the bond market. These measures were specifically tailored to bring back the market share in guilder bonds that was lost to London discount houses such as Cantor Fitzgerald.

During the time when these measures were being put in place many bankers were sceptical. It seemed too little and too late. But public financial opinion has been changing for the better and many now feel that the measures have been beneficial.

According to Mr Jan Steinhauser, director of Amsterdam Financial Centre there are still things to be done. A market making system for equities is still in the pipeline. The settlement system should be completed with an active securities lending market.

More difficult problems are being tackled, too. Amsterdam Financial Centre has commissioned an academic study into whether and why the price/earnings ratio of Dutch companies is much lower than in other countries – a common complaint from foreign investors. If, says Mr Steinhauser, it all is a rumour it can be disproved and if not measures can be taken to tackle the causes of the problem.

Many are concerned over how successful last year's bond market-related measures have been in bringing the guilder market back to the Amsterdam stock exchange? The question *is still largely unanswered and* is hostage to great deal of subjective analysis.

Nevertheless, there is some good news. The last quarterly of De Nederlandsche Bank wrote that the "position of London with respect to the trading of Dutch government bonds has lost in importance". The Bank admits that it does not have precise figures of guilder bond turnover in London but many individual investment bankers have admitted that a large part of the "lost" transactions are now being carried out in Amsterdam once again.

The other goal of the Amsterdam Financial Centre is to promote the advantages of Amsterdam as a hub. The choice of London as a centre for the European Bank for Reconstruction & Development (EBRD) was a blow to confidence. But all eyes now rest tentatively on the proposed European central bank or Eurofed. The hope is that Amsterdam as a location for the central bank will be seen as a good choice.

According to Mr Steinhauser, Amsterdam has some advantages over London. The Dutch speak languages well (particularly English), the country is open-minded internationally and monetary policy has had an excellent reputation. Also, the fiscal climate for foreign firms is benevolent. The geographically central position of the Netherlands in Europe is an added attraction.

The influx of foreign banks is steady, especially Japanese banks, which usually follow their clients, but many of which prefer living conditions in the Netherlands above those in London. On the other hand the American banks have nearly all severely cut back their Dutch operations.

One of the most tangible results of the whole programme is the Amsterdam Institute of Finance, which has recently finished the second semester of its merchant banking course and the first of a portfolio management course.

The tutors are from top-level schools all over the world, varying from INSEAD to New York University. It offers a selection of high-level, short-term courses. The first aim of the Institute has been to improve the professional level of Dutch bankers. The other aim is to attract and inject international financial knowledge into Amsterdam by giving high-powered seminars and organising speeches.

A large British merchant bank has already expressed interest in sending its staff there. "This type of educational specialisation cannot be found anywhere. We have filled a gap in the market," says Mr Philip Todd deputy managing director of the institute.

Edi Cohen

KEY FACTS

Area	37,291 sq km
Population	14.95m (1990 estimate)
Head of State	Queen Beatrix
Currency	Guilder or Florin (Fl)
Average Exchange Rate	1990 $1 = Fl 1.8209
	9/8/91 $1 = Fl 1.9490

ECONOMY	1990	Latest
Total GDP ($bn)	276.9	n.a.
Real GDP growth (% pa)	3.5	1.5[4]
GDP per capita ($)	18,521	n.a.
Consumer prices (% change pa)	2.4	3.3[2]
Hourly wage rates (% change pa)	3.2	3.5[2]
Ind. production (% change pa)	2.5	7.6[1]
Unemployment (% of lab force)	5.0	4.4[2]
Reserves minus gold ($bn)	17.5	15.8[2]
Narrow Money growth (% pa)	5.5	5.2[1]
Broad Money growth (% pa)	7.0	7.1[1]
Interest rates (% pa, period avg)		
Discount rate (end period)	7.25	7.75[2]
3 month Euro-Guilder	8.60	9.25[2]
3 month AIBOR	8.68	9.17[3]
Long-Term Govt Bond Yield	9.01	8.72[2]
Stock Market Indices (% change from Jan 1)		
FT-A Netherlands Index	-17.8	+21.1[3]
CBS All share index	-17.0	+19.3[3]
Current Account Balance ($bn)	10.8	10.4[5]
Visible Trade Balance ($bn)	5.6	6.6[5]

Main Trading Partners (1990, % by value)	Exports	Imports
Germany	27.6	25.7
Belgium/Luxembourg	14.7	13.9
France	11.2	7.7
UK	10.2	8.2
EC	76.7	63.6

[1] = May 1991, [2] = June 1991, [3] = July 1991, [4] = Q1 1991, [5] = Apr 1990 to Mar 1991

Source: IMF, Datastream, Economist Intelligence Unit.

Freed from legal restraints, ABP is expanding on a global scale

Pensions fund looks abroad

THE single biggest operator on the Amsterdam stock exchange is located not, as one might expect, on a fashionable canal in the centre of the Dutch capital but in the provincial town of Heerlen, which is about as far south as it is possible to travel in the Netherlands without straying into Belgium or Germany.

It is here that the Dutch civil servants' pension fund ABP – or Algemeen Burgerlijk Pensioenfonds – manages its vast assets of Fl 157.5bn ($79.50bn) making it the second biggest pension fund in the world after TIAA-CREF, a US pension fund for teachers.

The fund, whose assets are channeled mainly into fixed-rate securities, is the biggest buyer by far of Dutch government bonds, holding more than 20 per cent of the state's outstanding debt.

Its portfolio of Dutch shares, while relatively small as a percentage of total assets when compared with the standards of Anglo-Saxon pension funds, is nevertheless significant. With the exception of Royal Dutch Petroleum, ABP holds, on average, a 3.5 per cent stake in every important company listed on the Amsterdam bourse.

ABP's location in Heerlen is a legacy of Dutch government policies in the 1970s, when public institutions were transferred away from the crowded Amsterdam-Hague-Rotterdam triangle to economically disadvantaged regions in the north and south of the country.

From the perspective of 1991, the decision to move ABP to the country's southern-most tip can be seen as symbolic of the fund's wish to expand beyond the relatively small financial markets of the Netherlands to find new opportunities in Europe and North America.

In 1988, ABP was finally freed from severe legal restrictions which had barred it from investing anywhere outside of the Netherlands. The new rules allowed ABP to invest up to 5 per cent of its assets in foreign property, shares and bonds, and the pension fund has gradually *but steadily taken advantage* of this new-found freedom.

In the UK and the US, for example, it has bought buildings in London, Philadelphia and Cambridge, Massachusetts. It has also taken a 4.5 per cent stake in Hammerson, the UK property development and investment group, with which it plans to make joint venture investments in Europe. So far, ABP has bought a 70 per cent stake in a Hammerson-owned shopping centre in Essen.

ABP's overseas property portfolio was worth Fl 789m at the end of 1990, representing a sharp rise from Fl 126m in 1989. Since 1988, its holdings of foreign shares have expanded from nil to Fl 2.7bn, representing [redacted] per [redacted] of its total share holdings [redacted] only 1.7 per cent of its total assets.

With more than three years of [redacted] investment experience behind it, ABP [redacted] now seeking permission to *expand its foreign investments* to a maximum 20 per cent of total assets. This would be done gradually over a [redacted] of years, but [redacted] sheer size, [redacted] a [redacted] expansion [redacted] seas presence would herald the emergence of a significant global investor.

Mr Jan-Willem Goslings, [redacted] *vice-president of the* ABP, says the pension fund will probably reach its current 5 per cent ceiling on foreign investments in late 1992 or early 1993.

Besides its desire to step up foreign investments, ABP is also hoping to be freed from two further restrictions, one which forbids it from owning more than 5 per cent of an indi-[redacted] company's [redacted] capital and another which stipulates that no more than 20 per cent of assets may be invested in shares and property.

ABP is seeking a combined 30 per cent ceiling on shares and property, with a long-term goal of 40 per cent by the year 2010. Officials say that this would give the fund a much better mix of yields and risks.

Jan-Willem Goslings: foreign [redacted] growing

Currently, [redacted] 90 per [redacted] up in bonds, [redacted] mortgages, with only [redacted] cent in [redacted] In share ownership in particular, [redacted] lags well behind [redacted] counterparts in [redacted] US and [redacted] UK, [redacted] can [redacted] 50 per [redacted] a typical portfolio.

[redacted] power, any increase in the [redacted] of [redacted] buying would have extremely important implications for [redacted] Dutch stockmarket and Dutch [redacted]nies, especially if the fund becomes a [redacted] in individual companies.

In early 1991, ABP publicly joined several other institu-[redacted] shareholders in putting [redacted] on Nationale-Nederlanden, the insurer, [redacted] the terms [redacted] its merger with NMB Postbank. This openly critical stance was out [redacted] character for ABP, raising ques-[redacted] position will be if hostile takeover attempts become more prevalent in the Netherlands in the [redacted] due to the expected abolition [redacted] certain anti-takeover [redacted]

Mr Goslings [redacted] ABP has no intention [redacted] becoming an "aggressive" shareholder in the mould [redacted] institu-[redacted] shareholders, adding [redacted] fund's investments [redacted] with [redacted] long-term view. He [redacted] Dutch companies would [redacted] well [redacted] in each other, not only to increase their [redacted] protection but [redacted] stable industrial structures. "Big funds can play a stabilis-[redacted] role, and that stability [redacted] also in the national interest."

Although little known abroad, ABP [redacted] a giant in [redacted] Netherlands, providing pension and disability [redacted] to 1m civil [redacted] out [redacted] total population of nearly 15m. The fund's huge size is a result of its funding methods. Rather than paying current pensions out of incoming contributions, ABP's pensions are fully funded in advance, meaning that it [redacted] accumulating capital decades before the pension is paid out.

The riches [redacted] ABP and other Dutch pension [redacted] pension plans – which [redacted] have [redacted] of Fl 480bn – have [redacted] the attention of politicians looking for ways of reducing the national debt. Mr Ruud Lubbers, the prime minister, [redacted] suggested that, [redacted] employees pay no tax on their pension [redacted] only [redacted] on these *funds* when they reach retirement age, 10 per cent of [redacted] funds' assets should be paid to the government now.

This transfer of nearly Fl 50bn in [redacted] taxation" from pension [redacted] to [redacted] would [redacted] annual Fl 5bn in interest [redacted] it would lower the national [redacted]

Mr Lubbers' [redacted] has been criticised [redacted] an artificial [redacted] of reducing [redacted] budget [redacted] without having [redacted] to politically painful spending cuts. The prime [redacted] trial balloon has quickly been shot down, and ABP seems to be in no immediate danger [redacted] having [redacted] relinquish [redacted] its [redacted] Hague.

Ronald van de Krol

Banks recoup losses with new transfer charges

Payments linked

AFTER [illegible] losing [illegible] on payment transfers, Dutch banks are moving [illegible] transaction-linked charges to recoup their losses. At the same time, [illegible] wall between [illegible] payment transfer systems is at last crumbling, and banks [illegible] ing [illegible] the [illegible] of more efficient, automated forms of payment transfers.

Last May, the large Dutch banks announced that a [illegible] prise compromise agreement had been reached on the introduction of [illegible] National Payments Circuit, bridging [illegible] Postbank's giro payments system and the BankGiroCentrale [illegible] run by [illegible].

The ground-breaking [illegible] was [illegible] agreement over interbank charges: [illegible] charge [illegible] bank giro collection slips and [illegible] 10 [illegible] charge for [illegible] payment slips. Earlier, interbank charges had [illegible] strongly opposed by ABN [illegible].

This [illegible] breakthrough [illegible] counts, [illegible] as enabling the creation of [illegible] long-[illegible] National Payments Circuit to [illegible] ahead [illegible] introduction of a system [illegible] payment [illegible] of the type [illegible] transfer, getting rid [illegible] cross-subsidisation.

Talks on [illegible] National Pay[illegible] Circuit began [illegible] The [illegible] a long-running [illegible] is [illegible] until [illegible] 1960s, [illegible] not play [illegible] significant role [illegible] payment transfers, but [illegible] primarily with corporate and [illegible] payments, [illegible] the former [illegible] Cheque and Giro Service, now [illegible] Postbank's giro payments system, handled virtually all [illegible] pay[illegible] transactions [illegible] private individuals.

This changed when [illegible] commercial banks needed additional deposits [illegible] expand [illegible] lending operations, and began promoting personal accounts. Corporate cli[illegible] also [illegible] aged this [illegible], [illegible] facilitate payment transfers for [illegible] automation accelerated in more [illegible] years, the com[illegible] (excluding [illegible] bank) developed [illegible] own efficient BankGiroCentre automatic clearing house. Today, this [illegible] and that of the Postbank are [illegible] equal in size.

Today's polarisation [illegible] banking operations stems from this history. At [illegible] end is ABN Amro Bank, [illegible] as [illegible] "wholesale" or "credit" bank [illegible] predominantly corporate clients. At the [illegible] is NMB-Postbank, created by the mar[illegible] dominant 'people's bank, Postbank, and Nederlandsche Middenstandsbank, a commercial bank with strong traditional links with small businesses.

Because [illegible] the [illegible] tem works, this [illegible] an imbalance. The "debit bank", Postbank, has [illegible] large number of small [illegible] making numerous small payment [illegible] to [illegible] wholesale bank [illegible] as [illegible] Amro.

The input (making [illegible] transfer) is [illegible] expensive than [illegible] output (receipt of [illegible] transfer).

The BankGiroCentrale [illegible] the commercial banks' intermediary, carrying [illegible] administrative work of transferring payments. It makes [illegible] and [illegible] these to the wholesale banks, [illegible] in [illegible] computers and credit [illegible] relevant [illegible].

At the other extreme, "wholesale" [illegible] ABN [illegible] characteristic payments are high-volume, regular payments [illegible] salary [illegible]. Trans[illegible] of large customers [illegible] to [illegible] BankGiroCentrale. Input costs [illegible] therefore much lower, while output [illegible].

The problem was the [illegible] bank. Money going [illegible] one [illegible] not only bene[illegible] the creditor but [illegible] bank where [illegible] creditor's [illegible] kept. In short, [illegible] bank profits more and [illegible].

One solution [illegible] let [illegible]. But [illegible] NMB [illegible] paid [illegible]

Dutch banks must remain profitable as competition increases in the run up to 1992

[illegible] transfers, small banks [illegible] savings banks [illegible] well [illegible] pri[illegible] individuals would [illegible] difficulties.

The [illegible] and [illegible] minister, [illegible] Wim Kok, have [illegible] that it [illegible] important to cut transactions costs as Dutch banks must remain profitable [illegible] competition [illegible] with the approach [illegible] the single European [illegible] they [illegible] the payment system must [illegible] affordable for all parties, including private individuals, [illegible] banks.

Costs of the present payments system are inherently unstable. [illegible] year, [illegible] actually profitable, purely [illegible] high interest [illegible] But [illegible] that, [illegible] KPMG [illegible] that the banks regularly made [illegible] losses on payment transfers: [illegible] depended heavily [illegible] developments [illegible] payment system, and there was no relation between the client's payment pattern and proceeds for the banks.

In the past, banks could get around that through cross-subsidisation, with the profitable clients or [illegible] the unprofitable. As banks [illegible] other [illegible] ing, this will not work any [illegible] with increasing competition. What is [illegible] now is stability and [illegible]-coverage [illegible] service, according [illegible] industry experts.

[illegible] between the [illegible] and retail banks [illegible] co-operative Rabobank. [illegible] Rabobank [illegible] small, rural clients (farmers), but [illegible] built up [illegible] business, it has [illegible] in both camps. It [illegible] no coincidence [illegible] that [illegible] year pioneered a system [illegible] transaction-linked transfer charges [illegible].

Postbank launched [illegible] system from July 1 [illegible]. In the first year, it [illegible] charging 45 [illegible] for impayments, but [illegible] will [illegible] charge smaller clients with transactions of less than Fl 18,000 annually. In the second year, it plans to introduce a 15-cent charge on direct debiting and change its charges on direct debiting. This incensed some of its larger clients, and mail order company Otto en Neckermann took Postbank to court in an effort to make it change its mind, claiming the tariffs were much too high.

ABN Amro began talks with its business clients this year in the summer on the introduction of a system of indicative prices, with agreements to be made individually based on their payment traffic profile. Cheaper, automated payments will attract [illegible].

Such [illegible] been facili[illegible] by [illegible] pay internally through interbank charges [illegible]. A bank [illegible] is debited gets 10 cents from the bank whose account is credited, while "impayment" using pre-prepared transfer forms costs 30 cents. Thus banks with [illegible] numbers of small [illegible] compensated for [illegible] large amount of paperwork involved.

The other [illegible] ingredient [illegible] increasing efficiency, [illegible] aging cheaper, automated transfer systems [illegible] in [illegible] when [illegible] Dutch banking [illegible] ciation NVB reached [illegible] ment with lobby groups which have [illegible] opposing banking charges. The lobby [illegible] comprised the "No [illegible] charges" organisation of pri[illegible] bank [illegible] and [illegible] ment services, the organisation for [illegible] payments system and the whole[illegible] and retail [illegible] organisation, [illegible] two large employer organisations.

These bodies agreed to [illegible] together [illegible] promote cheaper forms [illegible] payments, which experts [illegible] could [illegible] up [illegible] Fl 1bn annually in the [illegible] of payment [illegible], NVB says. This means both switching usage from the most expensive form, ordinary credit transfers, to pre-prepared payment transfers (impayment) and also encouraging a movement up to the next rung, to direct debiting. Impayments are about three times as expensive as direct debiting on average.

Meanwhile, work on unifying the two payments systems into the National Payments Circuit is pressing ahead in stages. Direct debit will come first, followed by impayments and guaranteed cheques, to be completed by the year-end. This will eliminate the extra day presently taken to transfer from one system to the other. Corporate salaries are already transferred directly.

The more successful the banks are in encouraging use of cheaper, [illegible] payment [illegible] the faster they can reduce costs, enabling them to keep whatever payment fees are introduced modest, helping defuse objections to fees.

Caroline Studdert

Proposed changes will leave the Netherlands exposed to hostile takeover bids

EC plans erode Dutch defences

LONG [illegible] having an array of legal [illegible] ward [illegible] potential predators, Dutch companies [illegible] growing increasingly [illegible] about European Community plans which could force them to lower their guard [illegible] unfriendly takeover bids.

The EC's plans, if adopted, would cover all [illegible] member [illegible] not just the Netherlands. But Dutch companies say they would be particularly vulnerable to takeovers if proposed changes to EC directives reduced their ability to put up technical barriers to hostile bidders.

[illegible] study [illegible] Coopers & Lybrand [illegible] behalf of the [illegible] bourse and the Dutch Association of Listed Companies underlines the sense of concern in the Netherlands. "With [illegible] the technical barriers, the Netherlands would join the UK in becoming one of [illegible] EC [illegible] with virtually no [illegible] barriers and only [illegible] structural barriers [illegible]."

The EC proposals, put forward by Mr Martin Bangemann, the EC commissioner, would severely curtail [illegible] widely-used anti-[illegible] techniques [illegible] in the Netherlands.

Restrictions which limit the voting power of individual shareholders, regardless [illegible] the number [illegible] shares held, would [illegible] abolished. Dutch [illegible] that, unlike counterparts in France, Italy and Germany, they would [illegible] most [illegible] risk to unwanted [illegible] the [illegible] that they rely only on [illegible] technical, legal barriers [illegible] keep predators at bay.

Concern about the EC's intentions marks a new phase in a campaign by companies [illegible] the Netherlands [illegible] retain their extensive anti-takeover mecha[illegible].

[illegible] their traditionally low price/earnings [illegible] and their close trading [illegible] the [illegible] of Europe, Dutch companies [illegible] themselves as [illegible] prey for foreign companies wishing [illegible] establish [illegible] springboard [illegible] the [illegible] planned [illegible] market.

Until recently, the [illegible] corporate attention [illegible] the Amsterdam stock exchange, [illegible] long believed that [illegible] takeover protection depresses Dutch share prices and makes for an imperfect market. In [illegible] the stock exchange's controversial proposals for regulating [illegible] anti-takeover mechanisms were heavily watered down after strong opposition from [illegible] Dutch companies.

The eventual compromise, perceived [illegible] a victory for [illegible] of the status quo, exempted all companies already listed on the bourse from the new rules, pending the formulation [illegible] EC-wide directives.

[illegible] the focus of concern now firmly [illegible] on Brussels, the government in The Hague has said that [illegible] will "vigorously oppose" any changes to EC takeover rules that do not create a truly level playing field.

So far, unfriendly takeover bids in the Netherlands have been exceedingly [illegible] and invariably [illegible]. The [illegible] attempt was [illegible] hostile bid by Elsevier, [illegible] Dutch publishing [illegible] Kluwer, [illegible] publisher, in 1987. Kluwer, which escaped Elsevier's embrace by activating [illegible] and then merging [illegible] another [illegible], denounced [illegible] "unDutch" and [illegible] unacceptable.

Significantly, [illegible] of opinion has shifted since then, partly as [illegible] result of shareholders' frustration with their limited [illegible] in the running of Dutch companies. At the same time, dramatic losses by [illegible] leading concerns as Philips, [illegible] electronics group, and Nedlloyd, the shipping and transport company, have – in some cases – shaken investor confidence in existing management.

For all [illegible] traditional Dutch distaste for unfriendly takeover bids is [illegible], albeit gradually. One [illegible] of the times [illegible] the launch in April of a new investment fund, Dutch Take-Over Targets, on the [illegible] exchange's parallel market.

Even if anti-takeover devices are curtailed, no-one is predicting a great wave of [illegible] takeovers or the sudden emer[illegible] of Dutch asset-strippers. The Dutch [illegible] of corporate governance would [illegible] attempt to push through the rapid closing down of facto[illegible] or large-scale lay-offs of workers. [illegible] bidder, whether domestic [illegible] foreign, would need to reckon with – and work inside – a business culture that emphasises consensus rather than conflict.

Ronald van de Krol

Shareholders are now demanding their rights

Investors speak up

Robert de Haze Winkelman: moral victory for VEB

AFTER decades of accepting a heavily circumscribed role in the running of Dutch companies, shareholders [illegible] Netherlands [illegible] increasingly demanding – [illegible] getting – [illegible] right to [illegible] heard on [illegible] importance to [illegible] company's future.

[illegible] new-found [illegible] of Dutch [illegible] was heard loudly and clearly [illegible] year when some of the country's most powerful institutional investors joined [illegible] and openly [illegible] the [illegible] of the merger [illegible] ionale-Nederlanden and NMB Postbank.

In [illegible] surprising [illegible] unusual display [illegible] shareholder muscle, the Robeco investment group, the civil servants' pension fund ABP and Unilever's corporate pension fund put pressure on Nat-Ned, the country's largest insurance group, and NMB Postbank, the third biggest Dutch [illegible] to [illegible] their swap offer in favour of Nat-Ned shareholders.

In the [illegible] and NMB Postbank bowed to this unprecedented pressure and agreed to pay N[illegible] holders [illegible] per share. This was less [illegible] institutions [illegible] originally [illegible] but enough to win their support [illegible] guarantee [illegible] merger could proceed [illegible] planned.

The [illegible] unusual aspect [illegible] was [illegible] all the participants [illegible]. Until [illegible] versy erupted, [illegible] shareholder "militancy" in [illegible] Netherlands had [illegible] foreign firms.

In November, for example, Fidelity [illegible] of the US [illegible] – [illegible] failed – [illegible] Pakhoed, the [illegible] dam storage [illegible] transport [illegible] its friendly [illegible] Furness, [illegible] Dutch stevedores. Fidelity's campaign came half a year after dissident shareholders in Verkade, a Dutch biscuit maker, had wrung [illegible] significantly higher [illegible] price out of United Biscuits of the UK.

In [illegible] case [illegible] the [illegible] NMB [illegible] merger, [illegible] and significant development [illegible] vigorous [illegible] played by the [illegible] shareholders' lobby group, the Vereniging van Effectenbezitters, (VEB). Led [illegible] its chairman, Mr Robert de [illegible] Winkelman, [illegible] VEB mounted a novel newspaper advertising campaign aimed [illegible] collecting proxy votes against the [illegible] ultimately unsuccessful but the VEB claimed [illegible] moral victory nevertheless.

"The [illegible] has drawn [illegible] conclusion that [illegible] increasingly prepared [illegible] their opinions as shareholders," it [illegible].

The VEB [illegible] quickly [illegible] ing as an outspoken advocate [illegible] shareholder rights. Soon [illegible] prominent [illegible] in [illegible] Nat-Ned/NMB Postbank [illegible] troversy, the lobby [illegible] threw its weight behind attempts by Mr Torstein Hagen, [illegible] Norwegian investor, to win three seats on the supervisory board [illegible] Nedlloyd, [illegible] Dutch [illegible] port [illegible] in which he [illegible] a stake of more than [illegible] per [illegible].

[illegible] by the VEB, Mr [illegible] shareholders [illegible] approval of [illegible] lloyd's 1990 annual accounts in protest at the company's refusal to submit to his demands. Mr Hagen [illegible] that his significant shareholding, plus his plans for turning around the loss-making company, [illegible] him to representation [illegible] the board.

Nedlloyd counters with the argument that Dutch [illegible] nies, unlike Anglo-Saxon companies, [illegible] not apportion board seats on [illegible] share ownership. Instead, the self-perpetuating supervisory board is [illegible] of all "stakeholders" – employees, custom[illegible] management, [illegible] community, as well as shareholders.

This concept of stakeholders is the pivot [illegible] which [illegible] debate on [illegible] rights turns. In the [illegible] and 1970s, shareholders rights were gradually eroded in the belief that this would guarantee the continuity of companies and, more importantly, the survival of [illegible].

The downgrading of the shareholder's role is best [illegible] by the process of "[illegible]fication". Many companies asked shareholders in the 1960s and 1970s to give up their ordi[illegible] shares in [illegible] for share "certificates". These [illegible] tle the holder to dividend payments but not to real votes in shareholder meetings.

Instead, the voting rights are exercised by an administration office which, in practice, [illegible] allied to existing [illegible] agement. Through these and other methods, Dutch companies managed to create effec[illegible] barriers [illegible] unfriendly [illegible].

[illegible] surprisingly, the current [illegible] about shareholder [illegible] is [illegible] of [illegible] wider [illegible] amination of [illegible] desirability of [illegible] some of the many hur[illegible] erected in [illegible] Netherlands over the years.

In effect, the dual issues of shareholder rights and hostile [illegible] are [illegible] on how far the Nether[illegible] should go in adopting Anglo-Saxon practices. [illegible] vocality of shareholders is itself [illegible] reflection of Anglo-Saxon influences that have seeped into the normally staid world of Dutch finance with the globalisation of national capital markets.

This does not mean that Dutch institutions will want to start playing as active a role as some US and UK institutions do. But the experience of the past year does show that institutional investors in particular are no longer content simply to put up capital and then to allow management an entirely free rein. The days of shareholder passivity seem well and truly over.

Ronald van de Krol

The parallel market has transformed its image

Interest reappears

WEWELER, spring producer for the truck industry, started out in 1989 with a quote [illegible] on [illegible] parallel market, the secondary market [illegible] small stocks are listed. In six months the shares had soared to Fl 150 on takeover rumours. Everyone, including James Capel, praised the company in the highest terms.

The company itself issued warning statements that investors should not expect too much. But to no avail. The potential takeover fell through because of market conditions in the UK and because of the investors, largely individuals, who scrambled for cover in a total panic. The share price crashed to under 35 and stands now around Fl 39.

This course of events has been typical of the relatively short history of the Amsterdam parallel market. After years of meteoric price rises the market dropped suddenly during the crash of 1987.

Since then it has had to work hard to shed its cowboy image. True, performance has been volatile based on thin volume among quick-to-panic, mostly private investors. The stabilising factor of large institutional investors has been absent.

But generally speaking, says Mr Richard de Rooy, head of capital markets department at Credit Lyonnais Bank Nederland, one of the leaders in parallel market stocks, the market has been relatively successful. Aside from the patchy liquidity, both investors and issuers have become more mature.

Approximately 75 companies are listed in comparison with, for example, the Belgian secondary market where only five inactive stocks are quoted. Another positive point, according to Mr de Rooy, is that many parallel market stocks are more active than many an official market [illegible].

"[illegible] specialists [illegible] are solely specialised in parallel market [illegible] and [illegible] chase them harder than many *hoekmannen* (market makers) on the official market who have many different shares on their books," explains Mr de Rooy.

Infotheek, for example was a star performer on the parallel market until it graduated to the official market where it disappeared in the mass.

The parallel market was launched in 1983, purely as a breeding ground for the official market. Before the market became formal there was [illegible] so-called unlisted [illegible] on which large numbers [illegible] securi[illegible] were traded unofficially. The price-making process was non-transparent, with [illegible] supervision or regulations.

Because of these shortcomings the business community thought it necessary to set up a secondary market in addition to the official market. There were few limitations for the potential companies. Required capital started at a minimum [illegible] Fl 250,000. The application costs were negligible.

The new secondary market started with around 19 listings [illegible] quickly gained momentum. After Tulip, [illegible] and [illegible] of companies [illegible] market.

Until [illegible] everything looked rosy. [illegible] the market reeling. There [illegible] supply and hardly any demand. Share prices were totally dependent on panicking private investors. Soon some black sheep among [illegible] listed companies were exposed and horror [illegible] about [illegible] companies,such as [illegible] and Homburg,man[illegible] many [illegible] away.

It was clear that the dubious image of the parallel market [illegible] up. In early 1990 [illegible] Amsterdam [illegible] exchange [illegible] new regulations. The name was changed to the official parallel market.

With the [illegible] and name change, the [illegible] exchange succeeded in transforming the whole perception [illegible] the parallel [illegible]. It [illegible] previously [illegible] upon [illegible] as [illegible] to [illegible] main market.

Now, [illegible] official parallel market was seen [illegible] an integral part [illegible] the Amsterdam market system. In order [illegible] even-out [illegible] volatile price fluctuations, [illegible] minimum [illegible] capitalis[illegible] was [illegible] FL 5m.

The idea [illegible] the required market capitalisation [illegible] stability [illegible] market would [illegible] automatically improved. New [illegible] have been [illegible] but the higher market capitalisation has not been the cause. "If this 2,000 per cent raise is an inhibition for a company that is fine. He will just have to go to the unlisted parallel market," Says Mr A de Bruijn, head of investment banking at Credit Lyonnais Nederland.

Another new regulation [illegible] that companies have [illegible] consecutive annual reports. In [illegible] old market, newborn companies [illegible] accepted.

Credit Lyonnais Bank [illegible] land (CLBN), which is specialised on the parallel market and is well-known for bringing about some [illegible] new [illegible] pleased with the way the market is going. Many would [illegible] entrants [illegible] the market, but the main hope is that more institutional investors will develop an interest.

According to CLBN's Mr de Rooy there is little chance that this will happen in the near future. "The smaller pension funds simply don't have enough people to watch the tiny parallel market funds the whole time and the larger ones have too many options from all over the world," says Mr de Rooy.

One sign of the growing maturity of the market has been the fact that there have recently been some signs of interest from foreign investors who previously steered clear of the uncertainties.

In the middle of the Gulf crisis CLBN made a private placement of parallel market shares of Grontmij, an environmental company. In spite of the bad timing, the placement was successful and received a reasonable amount of interest from institutional investors in the UK. For CLBN this was a sign that the market was now better known abroad.

But in order to attract more foreign investors, information about the companies has to be improved. CLBN and ABN Amro do regular research in English on the various companies but there is still room for improvement.

The main problem of the parallel market is its meagre liquidity and dependence on the whims of private investors. There is little the financial community can do about this for the moment.

But it can control the general quality of the listed companies. CLBN and ABN Amro are busy trying to do just that by perfecting the due diligence procedures before issues and holding companies carefully by the hand after the issue has been completed.

Edi Cohen

Coriolanus

BLOOMSBURY THEATRE, WC1

Here, from the National Youth Theatre, is an important and arresting staging of this great political play. Four-fifths of it is so serious, so alive to the issues of this great play, that I am astonished the director, Matthew Warchus, stooped to the other fifth – i.e. the choice of music: of which more anon. But everything in it is at the very least stageworthy. Visually it is highly exciting; and it contains a roster of ardent performances.

This is a great ensemble staging; and most commanding of all are the crowd scenes. From the very start, we see a people in ferment. Every person in the crowd is an individual, has his or her own private life, own traits, own concerns. But when we then sense the political structure of Rome, we see how they're bonded together. And we see extraordinary images of a populace bursting to cross the barricades. Some of these images are like frozen snapshots from Eastern Europe in recent years, some are heroic tableaux of revolt like Delacroix's *Liberty Leading the People*, and some are slow-motion versions of mass movement in which details of ferocity cohere with all the violence of an avalanche.

All of this greatly heightens our response to Coriolanus's utterances of contempt for the people. And we see, so piercingly, where he gets it from. When first we see Coriolanus's mother, her life of leisure and privilege is caught in a few swift strokes: a lit cigarette burns in her outstretched arm, she sits on a chaise longue and her feet are being washed by a servant. *Meanwhile*, a male/female chorus gently processes round the edges of the stage, solemnly bearing poppies; and then events centrestage also show fragments of the siege and battle in which Coriolanus earns his name. Mother; *warfare; people*. The connections and ironies between the three elements all come powerfully together.

The young performers give sharp, earnest, vehement accounts of their roles. As Coriolanus, Stuart Bunce has rugged charm, and at first doesn't convey the pride that has already excited remark. But his stature quickly grows and keeps growing throughout the play; his scorn and his humanity make him the intense focus of every big scene. Alison Lomas communicates Volumnia's tough pride like some young Margaret Tyzack. An effective stroke is to cast women, Amazon-like, as the Volscian warriors; and Cathy Owen is a sombre, smouldering Aufidius, though too deliberate in her later scenes.

Neil Warmington, a 1989 Linbury Prizewinner for Stage Design, has produced a single permanent set and costumes that very handsomely suggest ancient Rome, the modern world, and other societies too.

The bad news is that, for atmosphere and impact, scenes are introduced and sometimes accompanied by a selection of These You Have Loved music – ranging from Dido's Lament and Fauré's Requiem to Irving Berlin's "Let's Face The Music and Dance" and Louis Armstrong's "What a Wonderful World." It is dismaying that a production so dramatically alert takes the populist line of selling its wears with Greatest Hits.

Alastair Macaulay

TELEVISION

Clones kick off the autumn season

Are you ready for the rigours and [redacted] the autumn [redacted]! The broadcasters are on the warm-up lap, gunning their throttles, eyeing their opponents, [redacted] trying [redacted] appear confident; [redacted] the lights will go green, [redacted] accelerators will [redacted] down, and [redacted] will be [redacted] usual [redacted] tries to cram into the same little space simultaneously. It [redacted], a crazy [redacted] to run a [redacted] service but, as long as [redacted] spend their summers in Tuscany, and continue [redacted] believe that nobody [redacted] television in the summer, we shall presumably continue to have thinnish summers and *over stuffed autumns*.

The first news of the season was bad: Channel 4 has decided not to commission any more of *After Dark*, the late night, open ended series which, when it first appeared in this country in 1987 (copied from an *Austrian programme*) achieved the seemingly impossible. It proved that there *was* something new you could do with the studio discussion – make it intimate, long, and, crucially, live – and that when you did so, talk on television could once again be fascinating, significant, and even dangerous. It could also be long winded and embarrassing, as when Oliver Reed was allowed to indulge his boorishness for far too long.

I understand that the reason *for the axing offered to the* independent producers is that Channel 4, under the terms of its famous "remit", cannot stop being innovative and must therefore find space for a fresh round of innovation. This is an interesting but highly suspect argument because *whereas After Dark* is different from everything else, *Brookside* and [redacted] are [redacted] – yet these two series, both of which began on Day 1 [redacted] C4, sail serenely on, unaf[redacted], it seems, by the need for innovation.

Meanwhile, in [redacted] innovatory move [redacted] the year, C4 [redacted] announced it [redacted] buying [redacted] rights to [redacted] and [redacted]. No doubt [redacted] will help [redacted] the channel's [redacted] and promote the [redacted] of [redacted] own advertising time [redacted] the [redacted]petition [redacted] up [redacted] ITV [redacted] auction. But [redacted] have to [redacted] the [redacted]! Let's [redacted] Yentob [redacted] grab *After Dark* [redacted] channel, BBC2, thus simultaneously winning the [redacted]titude of the viewers, [redacted] points from his superiors, [redacted] another chunk of independent production to go towards the BBC's 25 per [redacted] quota.

[redacted] new [redacted] has already begun in [redacted] places. Saturday evening on [redacted] brought [redacted] episode in [redacted] by the [redacted] actresses, Eileen [redacted] Jean Marsh, who, [redacted] ago, [redacted] *Upstairs* [redacted]. Their new series, [redacted] *House Of* [redacted] if [redacted] clone, [redacted] relative. [redacted] pop records [redacted] attempt [redacted] repeat a [redacted] by reproducing [redacted] nearly as possible [redacted] characteristics [redacted] previous [redacted] topper, [redacted] we have [redacted] of [redacted] ingredients as [redacted] True [redacted] household belonging [redacted] a minor [redacted] Eliotts are merely middle class, but [redacted] clearly genteel.

True, too, *The Eliotts* is set in the 1920s whereas *UD* began *before* the first world war, yet [redacted] on [redacted]. Most important of all, both are [redacted] dramas calling [redacted] lashings of period trappings: horse drawn tradesmen's vans, cleaner than they [redacted] ever have been in reality, 70-year-old newspapers [redacted] magazines, looking older and dirtier [redacted] they ever [redacted] have in reality because [redacted] on hiring [redacted] thing rather than mocking up something which looks right. Such [redacted] are, surely, not side issues: there is a close connection between the [redacted]pularity of series such [redacted] and [redacted] *Antiques Roadshow*, not to [redacted] commercials [redacted] the [redacted] of the [redacted] of empire: boaters, boneshakers, [redacted] class railway carriages. It [redacted] suspiciously [redacted] nostalgia bordering on atavism.

[redacted] of which [redacted] that this will be an unsuccess[redacted] drama. Mid-evening on [redacted] Saturday, the story of two sisters, [redacted] in financial difficulties by their [redacted] womanising father, will probably [redacted] big ratings. But while [redacted] personal reasons for creating *Upstairs Downstairs* (both [redacted] parents who had been in [redacted] *The Eliotts* simply looks [redacted] shrewd effort to exploit [redacted] known formula.

An elderly woman [redacted] opening episode [redacted] played by Jean Anderson who, [redacted]tally, was required [redacted] of a girl whose father was in trade that he was "A bit [redacted] the pale" which makes [redacted] change from being beyond [redacted] salt. Miss Anderson [redacted] be remembered by many [redacted] matriarch in *The Brothers*, [redacted] drama series [redacted] 1972, produced by Gerard Glaister. He brought new interest to what would otherwise have been [redacted] fairly routine yarn [redacted] amours, family politics, [redacted] money by setting it against an [redacted] background – haulage. He [redacted] precisely similar formula in BBC1's more [redacted] Sunday [redacted] series [redacted] *Way*, [redacted] now [redacted] was [redacted] building.

This season [redacted] has come up with yet another variation: the love affairs, money troubles, business jealousies and drinking [redacted] much [redacted] same, but the new Sunday evening title is *Trainer* and the background this time is horse racing. Episode 1 contained no signs of having been written by somebody with a passionate desire to use the drama [redacted] convey their unique perception of the human condition, and [redacted] promise of [redacted] anything [redacted] already know about the [redacted] people [redacted]. However, [redacted] made [redacted] the [redacted] practised professionalism [redacted] we expect [redacted], so [redacted] looked good – all [redacted] on [redacted] gallops, [redacted] race meeting – [redacted] the [redacted] from [redacted] Susannah York, [redacted] and Nigel [redacted]port is, [redacted] than adequate.

Much [redacted] interesting [redacted] however, has been BBC2's *The Last Days Of Leningrad* which, in each of its slots, is pairing a fairly substantial documentary with an edition of *600 Seconds*, an opinionated 10-minute current affairs programme, originated in Leningrad, which has become famous all over Russia. The great value of the BBC2 series [redacted] on [redacted] euphoria one might [redacted] felt about [redacted] Union. For [redacted] who thought [redacted] news programmes [redacted]nessing [redacted] triumph of [redacted] spirit [redacted] enlightenment, [redacted] bucket of cold water. Listening to the people in Leningrad you realise it is not a question of "Onwards and upwards to democracy" but "Give us back our glorious two-headed eagle", not progression but retrogression. There is little evidence here of a desire to move forwards to a modern state but many hints of a longing for old certainties. Even Nevzorov, the young journalist who has managed to establish *600 Seconds* as his personal pulpit, turns out to be a a KGB-loving reactionary who declares that he does not understand democracy. He tells his viewers that the accounts of deaths in the Baltic republics under the tracks of Russian tanks are fairy stories. Out in the streets fierce old ladies tell the cameras that in Stalin's time the shops were stocked and Russia was a top nation. It all sounds remarkably like nostalgia bordering on atavism.

Christopher Dunkley

New [redacted] 'Trainer' (top) and The House of Elliot (right)

Hard Times

LYRIC STUDIO, HAMMERSMITH

Stephen Jeffreys' adaptation of *Hard Times* is a workmanlike condensation of Dickens which was first [redacted] in 1982 and stands as [redacted] compact [redacted] to [redacted] time. Commissioned by Cumbria's Pocket Theatre [redacted] time when the RSC's *Nicholas Nickleby* had made the Victorian novel into big box office, it picked up a trend that had been pioneered during the 1970s by companies such as Mike Alfreds' Shared Experience.

While the taste of the time was for extravagant epics (eight hours in the case of Nicholas Nickleby), Jeffreys – who had served his apprenticeship in the impoverished regional sector – shrewdly opted for a chamber version, refining the novel down to a two-and-a-half hour piece for four actors and a dozen or so costumes, most of these only glancingly represented by a lace fichu, a [redacted] or a hurriedly draped shawl.

The result is [redacted] for the small companies working in small venues that have continued to keep the royalties flowing Jeffreys' way ever since, and which finally brought it to the notice of the GCSE examiners. It arrives somewhat wearily at the Lyric, Hammersmith, at the end of a lengthy tour by the cheekily named Not the National Theatre, an actor-led ensemble founded in 1984.

The combination of play and performers provides the sort of evening that is food and drink to the literate theatregoer, if not exactly champagne and caviar. Under Giles [redacted] solid but unfizzy direction, the inhabitants of Coketown emerge a little mustily at first, although Jeffreys is an accomplished enough story-teller to carry them through early longueurs.

Here, in the performance of the evening [redacted] Jeffrey Perry, [redacted] joyless schoolmaster Gradgrind – butt [redacted] anti-utilitarian [redacted] – and his maudlin, gamester son; here, from a purse-mouthed [redacted] Edwards, [redacted] Gradgrind's long-suffering daughter, Louisa, [redacted] very [redacted] of filial [redacted]

Alastair Muir

Leonard Kavanagh and Lilian Evans

[redacted] Leonard Kavanagh gives an oddly listless performance as the self-promoting Bounderby, elderly industrialist husband to Louisa, and [redacted] treacherous Harthouse, who attempts to seduce her. Lilian Evans, pertly convincing [redacted] the circus-girl, Sissy, lacks the starchy [redacted] of the vile Mrs Sparsit. [redacted] is [redacted] very competent, but [redacted] looks in vain for the imaginative exuberance, the cutting edge of caricature that has distinguished the best interpreters of Dickens, from Boz to Emlyn William.

Claire Armitstead

Orchestre de Paris

ROYAL ALBERT HALL/RADIO 3

With the Philharmonia set to take up a residency in Paris it looks as though there may be an increase in orchestral traffic across the Channel. There has never been a great deal of activity in the other direction, although the Orchestre de Paris does make more visits than it used to.

This week the orchestra came over for a pair of Promenade concerts. I heard the first on the radio on Sunday and found it very disappointing. The lack of rhythmic fibre in the accompaniment to Beethoven's Fifth Piano Concerto was so debilitating that it was difficult to see how any progress could be made against it by the soloist, Philippe Bianconi. His clear-headed playing presupposed a quite different kind of performance.

Nor did the main work of the evening, [redacted] Tenth Symphony, carry any more [redacted] Semyon Bychkov, [redacted] orchestra's Music Director, kept the symphony from drifting into self-indulgently slow speeds, but the playing was still sluggish. There was no comparison with the thrilling performance by Jansons and [redacted] Philharmonia earlier in the year.

Assuming the possibility of [redacted] poor relay, I [redacted] Monday's Prom in the hall. [redacted] sound could unquestionably [redacted] heard to be thick and ungainly, [redacted] legacy perhaps [redacted] its time under Daniel Barenboim. The strings hang a heavy [redacted] the orchestral spread through which other instruments, save for the braying horns, find it difficult to penetrate. They play with [redacted] in the middle and violas to the right, the same arrangement as the Czech Philharmonic used in Edinburgh last week, though to the opposite effect: the Czechs made everything crystal clear, while the Parisians leave us hearing less than usual.

These problems notwithstanding, Bychkov [redacted] to get his orchestra to play with virtuosity. Kodály's *Dances of Galánta* opened the second concert with racing speeds to get the adrenalin going.

His performance of Strauss's *Also sprach Zarathustra* later in the evening was less showy than expected, but again the music sounded unpleasantly congested. The Royal Albert Hall has had some of its acoustic flying saucers removed this year and there is [redacted] longer echo to deal with; but no other orchestra has suffered from it as badly as this. The Orchestre de Paris's ensemble is simply not sharp enough.

The item of value in this second evening [redacted] the Second Symphony [redacted] Dutilleux, [redacted] in 1959. The music, even at its [redacted] derivative, is always [redacted] inter[redacted] French *gift for conjuring exotic sounds from* an orchestra and this work is full of allure, even when the composer seems intent on telling us how much he loves *The Rite of Spring*. Bychkov and his players gave it a convincing symphonic thrust, though not the pointilliste precision of colours that it demands. That would seem to be outside the orchestra's powers in its present state.

Richard Fairman

Sun Ra and the Omniverse Ultra 21st Century Arkestra

RONNIE SCOTT'S

Somehow Ronnie has managed to squeeze Sun Ra and his eleven piece Arkestra into his Frith Street club for the week- much to the bewilderment of passing trade. Bringing much the [redacted] line-up [redacted] Brecon last year, with the addition of a mighty African drum, 77-year-old Ra himself appeared terribly frail on Monday night. He had to be helped into place by two bearers and fixed, deadpan at the keyboards in his twinkling gold Lurex robes.

The Arkestra's space cadets, dressed as astral pearly kings, had moved into position earlier and set up an ominous rumbling of percussion and trumpet fanfare which, with the arrival of their master, slid into a severely wonky Ra anthem, "Love [redacted] Outer Space". "A celestial refrain," as the lyric [redacted] is [redacted] smilingly and endearingly without time by [redacted] June Tyson alongside [redacted] swaying [redacted]. The heartwarming big band singalong has been played innumerable times by the Arkestra and still it is deliv[redacted] with the fervour and genuine [redacted]tricity [redacted] cult [redacted] meeting [redacted] lengthy [redacted]

The component parts of the Arkestra's music are more or less straightforward, comprising overtones from Ellington big band sounds through Monk-style bebop to freeform. The difference is, he is an original – he has pioneered the use of synths in jazz – and he can stir all this music together, with much percussion, in one glorious Technicolor set.

This night Ra stuck with his own chantable material, "Sunset on the Nile", for example, with [redacted] searing solos passed down from trumpets to sax to flute. He entered the free zone with some rip roaring improvisation from altoist Marshall Allen and, at last, the churning tenor of John Gilmore, an Arkestra acolyte for 40 years. After an attacking trombone solo from Tyrone Hill and Tyson's smoking violin, the entire ensemble, Ra aside, went walkabout between the tables, their energy uncontainable.

Sun Ra, silent throughout and even more solemn than usual behind his sunglasses, [redacted] while on keyboards, eventually reining in [redacted] itinerants with his melancholic theme, "Space [redacted] the Place ... [redacted] is a pleasant place."

Garry Booth

INTERNATIONAL ARTS GUIDE

TODAY'S EVENTS

AMSTERDAM

Muziektheater 20.00 Hartmut Haenchen conducts Richard Jones' *Bregenz Festival production of* Tchaikovsky's Mazeppa, with Sergey Leiferkus in [redacted] role and Lyubov Sharnina as Maria. Further performances on Sep 7, 10, 13, 16, 19, 22, 25, 28 and Oct 1 (6255 455/credit card bookings 6211 211)).

BERLIN

Staatsoper unter den Linden 19.00 John Cranko's ballet The Taming of the Shrew, repeated tomorrow (East Berlin 2004 762)
Deutsche Oper 19.30 Jiri Kout conducts Tony Kramer's production of Katya Kabanova, with Karan Armstrong in the title role. Tomorrow and Sun: Meyerbeer's Les Huguenots (West Berlin 3410 249)

COLOGNE

Philharmonie 20.00 Helmut Muller-Brühl conducts the Cologne Chamber Orchestra in an all-Mozart programme, with soprano Sandra Schwarzhaupt and pianist Homero Francesch, repeated on Fri. Sat: concert performance [redacted] *Blut*. Sun [redacted] 11.00: James [redacted] Orchestra in a [redacted] and Mozart programme [redacted]

FRANKFURT

Alte Oper 19.30 [redacted] Symphony [redacted] *in* [redacted] Dark [redacted] Concerto for [redacted] Beethoven's Eighth Symphony. Tomorrow: Pierre Boulez [redacted] the Ensemble InterContemporain (1340 400)

HAMBURG

Hauptkirche St Michaelis 20.00 [redacted] Pancik [redacted] the Prague [redacted] Choir in Brahms' Marienlieder, Bruckner's Spiritual [redacted] and [redacted] in D major, with organ [redacted] and [redacted] Daniela Sounova, Marta [redacted] Margita and [redacted] (448826)
[redacted] 20.00 [redacted] Richter [redacted] the [redacted] Hamburg [redacted] No 2, Martinu's Partita [redacted] and Dvorak's [redacted] for violin and orchestra. Tomorrow: Midori plays Dvorak's Violin [redacted]

HELSINKI

Finlandia-huset 19.30 [redacted] Salonen [redacted] Finnish [redacted] Symphony [redacted] in [redacted] of works by Magnus Lindberg, including the premiere of [redacted] new Piano [redacted] played by Paul Crossley. Tomorrow: Sergiu Commissiona conducts [redacted] Helsinki Philharmonic in music by *Rimsky-Korsakov* [redacted] *Stravinsky*, plus [redacted] Clarinet Concerto by Einar Englund, [redacted] Richard Stolzman. Fri: Jukka-Pekka Saraste conducts works by Lindberg and Kimmo [redacted] and Sun: Simon [redacted] conducts [redacted] City [redacted] Birmingham Symphony Orchestra *in* [redacted] *closing concerts of this* year's Helsinki Festival (9700 4700)

LONDON

MUSIC
[redacted] Jerzy Maksymiuk [redacted] Jonathan Miller's *production* [redacted] *Giovanni*, with Steven Page in [redacted] title [redacted] and Jane Eaglen as Donna Anna. Tomorrow [redacted] Billy Budd. Fri: [redacted] (071-836 3161)
Royal [redacted] **Hall** [redacted] Simon [redacted] conducts [redacted] City of Birmingham Symphony Orchestra in Prokofiev's Fifth Symphony and [redacted] Gubaidulina's Offertorium, with [redacted] Kremer. Tomorrow: Rattle conducts Mahler Nine. Fri: Andrew Davis [redacted] European premiere [redacted] Tippett's Byzantium (071-823 [redacted]
THEATRE
Royal Shakespeare Company in [redacted] main [redacted] the [redacted] previewing Shakespeare's Richard II. The production, [redacted] from Stratford, is directed by Ron Daniels, with Alex Jennings as the young king. Press *night* [redacted] *Tues. The Pit* [redacted] previewing Curse of [redacted] Starving Class, [redacted] Shepard's darkly humorous [redacted] family life in middle America. Directed by Robin Lefevre, with a cast including [redacted] Fleetwood. (071-638 8891).
[redacted] **Shakespeare Company**
This is [redacted] last week of the season at the Open Air Theatre, Regents *Park. Tonight and tomorrow: The* Boys from Syracuse, Rodgers and Hart's witty [redacted] variation on [redacted] theme of The Comedy of Errors, directed by Judi [redacted] Fri and Sat: Roy [redacted] as [redacted] in [redacted] Night's Dream, in a production which plays [redacted] *comedy to the hilt* (071-486 2431). For ticket information about all West End shows, phone Theatreline from anywhere in [redacted] Plays [redacted] 430959 [redacted] 0836 430960 Comedies 0836 [redacted] Thrillers [redacted]

LUCERNE

[redacted] 20.00 [redacted] Chailly conducts the Royal Concertgebouw Orchestra in [redacted] Symphony and Dvorak's [redacted] Concerto, with Midori. Tomorrow and Fri: Lorin Maazel conducts the Vienna *Philharmonic Orchestra*. Sat and Sun: Semyon Bychkov conducts [redacted] Orchestre de Paris, with [redacted] soloist Viktoria Mullova. The Lucerne [redacted] runs till Sep 11 (041-235272)

NEW YORK

MUSIC
New York [redacted] Theater 20.00 Louis Quilico [redacted] to the City Opera to sing the title role in [redacted] new production [redacted] Frank Loesser's 1956 [redacted] The Most Happy Fella, *conducted by Chris Nance* [redacted] directed by [redacted] Seidelman, repeated on [redacted] at 14.00. Tomorrow: Madama Butterfly. Fri: The Cunning Little [redacted] nozze di Figaro. [redacted] evening: Cav [redacted] Pag [redacted]
OFF BROADWAY THEATRE
● The [redacted] Dorothy Loudon, Joseph Bova, Lisa Emery [redacted] *Jim Fyfe* [redacted] *in* [redacted] Thornton Wilder's farce, [redacted] in [redacted] Old [redacted] York in [redacted] by Lonny [redacted] (Roundabout Theatre, 100 East [redacted] Street, 420-1883).
● Breaking Legs is Tom Dulack's [redacted] happens [redacted] *Broadway: Philip* [redacted] Vincent Gardenia play a pair [redacted] a [redacted] play [redacted] to promote [redacted] own [redacted] (Promenade Theater, Broadway [redacted] Seventy-sixth [redacted], 580-1313).
● Line: [redacted] Horovitz's play, [redacted] five people [redacted] in line. [redacted] by Doug Lieth, showing Wed, [redacted] and Sun. In repertory [redacted] I-Land, excerpted from Sonia [redacted] ups and [redacted] daily [redacted] in [redacted] by Laura Josepher, showing Thurs and Fri (Thirteenth [redacted] Theater, [redacted] Thirteenth Street, 675-6677).
● Tony 'N' Tina's wedding: [redacted] wedding at [redacted] John's Church, [redacted] Christopher [redacted] a reception [redacted] 147 Waverly Place, with Italian buffet, champagne and wedding [redacted] Rick Pasqualone [redacted] Sharon Angela are [redacted] happy couple (279-4200).
Ticketron answers inquiries [redacted] (246-0102)

PRAGUE

[redacted] opens tonight in the [redacted] Theatre with [redacted] Butterfly, repeated [redacted] Fri. A [redacted] Festival celebrating [redacted] composer's connection with Prague opens on Fri with [redacted] recital by [redacted] at 17.00 in [redacted] Culture, [redacted] by a new production of Don Giovanni in [redacted] National *Theatre, staged by* [redacted] *Pagliaro* and [redacted] by [redacted] Kuhn. [redacted] Smetana Hall on [redacted] Maria Giulini [redacted] of La Scala, Milan, in [redacted] and [redacted] programme. [redacted] Sun, Jiri [redacted] in [redacted] and [redacted] programme at 17.00 in [redacted] Spanish Hall of Prague [redacted] by [redacted] performance [redacted] La clemenza di Tito in the National Theatre. The [redacted] continues until Sep [redacted] with visits by the Cologne Opera, the [redacted] *Philharmonic Orchestra*, the Bamberg Symphony, the [redacted] Jugendorchester and others. Pre-booking at Sluna [redacted] Square 28, and [redacted]

STOCKHOLM

[redacted] 19.30 Gennady Rozdestvensky [redacted] the [redacted] Philharmonic Orchestra in a Tchaikovsky and Stravinsky programme, repeated tomorrow (244130)
Royal Opera 19.30 Carmen, sung in Swedish with Ingrid Tobiasson in [redacted] title role and Solveig Kringlebotn as Micaela. Fri: [redacted] Glovanni [redacted]

VIENNA

Staatsoper 17.00 Horst Stein [redacted] Parsifal with Placido Domingo in [redacted] title role, Bernd Weikl as [redacted], Kurt Moll as Gurnemanz and Waltraud Meier [redacted] Kundry. Tomorrow: Die Zauberflöte. Fri: Der fliegende Holländer (51444 2960)

European Cable and Satellite Business TV

(all [redacted])

MONDAY TO [redacted]
Eurosport
[redacted] International [redacted]
CNN
[redacted] Moneyline
[redacted] Moneyline
1230-1300 CNN [redacted] Watch
[redacted]
[redacted] Today - a joint FT/CNN [redacted] with a review of the day's major busi[redacted] Perry [redacted] Chapman
2300-2330 World [redacted] Today
[redacted] Moneyline
Superchannel
2220 - 2250 [redacted] Times Business Weekly - [redacted] round-up [redacted] business [redacted] with [redacted] Bellini and [redacted]
0830 [redacted] 2030 (Thurs) Financial Times [redacted] Weekly
Sky [redacted]
[redacted] International Business Report
[redacted] (Thurs) [redacted] Times Business Weekly

SATURDAY
[redacted]
[redacted] Moneyline
[redacted] Today - a joint FT/CNN [redacted]
1540-1610 Moneyweek
[redacted] World Business [redacted]
2110-2140 Your [redacted]

SUNDAY
Superchannel
1800-1830 [redacted] Weekly
[redacted] FT [redacted] Weekly
[redacted] FT [redacted] Weekly
[redacted]
1030-1100 FT [redacted] Weekly
CNN
[redacted] Moneyweek
1540-1610 Your Money
1900-1940 Moneyweek
[redacted] Inside [redacted]

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Wednesday September 4 1991

The only road for Poland

WHEN [redacted] Polish government bravely set about [redacted] radical path to [redacted] reform in 1990, it [redacted] high [redacted] for the [redacted] Europe. Mr Leszek Balcerowicz, the finance minister, [redacted] one of the chief architects of Poland's reforms, embarked on [redacted] pro[redacted] aimed at bringing down inflation, reducing [redacted] budget [redacted] making the zloty a [redacted] currency. His uncompromising stance earned praise from the international community. But [redacted] unemployment [redacted] force and, in the first five months [redacted] the year, [redacted] domestic product [redacted] by [redacted] per cent, [redacted] resolve of the Polish government was tested. This [redacted] Mr Jan Krzysztof Bielecki, [redacted] prime minister, [redacted] electorate next month.

The recession [redacted] attributed solely [redacted] Mr [redacted]owicz, or [redacted] prime minister. The main problems have been [redacted] rigidities [redacted] Polish [redacted] and the [redacted] structural reform. That slow pace [redacted] partly a result [redacted] political constraints on [redacted] action.

Last autumn's presidential [redacted] campaign, which [redacted] by [redacted] Walesa, interrupted [redacted] reform process. Also, by agreement [redacted] former regime, [redacted] government [redacted] saddled with [redacted] parliament not democratically [redacted] and still dominated by [redacted]. To its credit, [redacted] Sejm has [redacted] top speed [redacted] economic [redacted] consistent [redacted] European Community practice. But in failing [redacted] seize [redacted] opportunity last May for holding free parliamentary elections, [redacted] government [redacted] deprived of [redacted] mandate [redacted] consolidate [redacted] reforms. Pressure to [redacted] policy in [redacted] run-up [redacted] the [redacted] will be great.

Lax discipline

It is this lack of legitimacy which has slowed the pace of privatisation and structural reforms. Regulations concerning foreign investment have still to [redacted] settled. Discipline in the banking system [redacted] lax, as witnessed [redacted] one conspicuous [redacted] lending to insolvent enterprises are few; the quality [redacted] loan decisions to state enterprises [redacted] inadequate.

These hangovers from the [redacted] centralised system [redacted] delaying sustained economic [redacted]ery.

The external climate [redacted] also been unkind. [redacted] continuing reluctance by the EC to lift trade barriers, particularly [redacted] agricultural products [redacted]tiles has hindered the [redacted] of exports. Despite some [redacted] Poland will end this year with [redacted] trade deficit of [redacted] $1bn. Furthermore, the switch [redacted] dollar clearing system between [redacted] Europe and [redacted] Union [redacted] to a sharp fall in [redacted] and profits for Polish enterprises. Taken together, these [redacted] explain why [redacted] budget [redacted] risen [redacted] 0.3 per [redacted] per [redacted] of GDP [redacted] past eight months.

Unpopular decisions

The prime minister [redacted] a bind. On [redacted] hand, he wants [redacted] institutions [redacted] will persevere with the reforms. This will mean making unpopular decisions [redacted] reducing [redacted] *before* [redacted] elections. [redacted] the other, Sejm deputies [redacted] are [redacted] in public expenditure.

This deadlock has prompted Mr [redacted]tional amendments enabling [redacted] executive [redacted] bypass parliament. If accepted, this proposal would set [redacted] precedent [redacted] accountability [redacted] future democratically-elected parliament [redacted] be weakened.

Mr [redacted] and [redacted] prime minister are taking [redacted] they fear that [redacted] electoral law based [redacted] proportional representation will [redacted] a proliferation [redacted] parties and hence [redacted] political instability. The need to strengthen [redacted] executive is [redacted] much [redacted] respo[redacted] the [redacted] of dealing with [redacted]ldly parliament, as to [redacted] the [redacted].

Poland does need [redacted] to deal with the problems it [redacted] but it also needs parliamentary [redacted]ability. A balance will have [redacted]. But, [redacted] the government must [redacted] panic. Mr Bielecki's government [redacted] persist with a [redacted] financial policy, since this remains the only [redacted] path [redacted] successful and [redacted] Polish [redacted].

Pay-setting in the 1990s

TODAY'S TUC debate, [redacted] collective bargaining strategy for [redacted] is sure [redacted] much [redacted]. Regrettably it will [redacted] little light on [redacted] is [redacted] central challenge for UK [redacted] policy. The delegates will [redacted] contradictory motion [redacted] suggests a [redacted] co-ordinated pay bargaining, without specifying [redacted] actually means or why it is important. The reason, of [redacted] union behaviour [redacted] part [redacted] the problem.

It is, [redacted] fact, much [redacted] diagnose [redacted] problem than [redacted] prescribe a [redacted]. The age-old problem [redacted] excessive wage inflation [redacted] persisted through [redacted] 1980s; greater decentralisation has not helped. In that decade, [redacted] annual [redacted] wage inflation in manufacturing remained above [redacted] per cent, despite record unemployment.

Once unemployment [redacted] falling in 1986, [redacted] as skill shortages developed, unions pressed for higher [redacted] while companies [redacted] happy [redacted] outbid their competitors. The result [redacted] leap-frogging was a [redacted] in wage and then price inflation. Companies raised their prices to protect profit margins. [redacted] UK unit [redacted] growth outstripped [redacted] European competition. The [redacted] is painfully [redacted] history.

Membership [redacted] exchange [redacted] mechanism only [redacted] the [redacted] this collective irrationality more immediate. With sterling fixed in the ERM, UK unit labour [redacted] exceed [redacted] of [redacted] competition without further reducing the competitiveness [redacted] country's exports. UK [redacted] settle[redacted] must [redacted] fall [redacted] an annual [redacted] and 5 [redacted] cent. [redacted] quarters of [redacted] they [redacted] still not fallen [redacted] enough.

Affordable settlements

The challenge will [redacted] to keep [redacted] recovery begins, without requiring unemployment [redacted] unacceptably high. [redacted] solution must [redacted] inject some [redacted] co-ordination into [redacted] bargaining process [redacted] that companies [redacted] unions are [redacted]strained to reach wage settlements [redacted] the economy can [redacted].

In short, it means wage restraint, however hard the unions wriggle to avoid saying so. Furthermore, co-ordination must [redacted] combined with decen[redacted] wage differentials [redacted] local market [redacted].

[redacted] might [redacted] First, employers [redacted] accept that [redacted] style of pre-ERM wage bargaining, with pay deals based around [redacted] backward-looking measures [redacted] retail price inflation, [redacted] no longer [redacted]. The correct inflation [redacted] bargain around [redacted] lowest expected average [redacted] wage [redacted] in [redacted] ERM.

Shorter round

This forward-looking estimate would ideally be made by [redacted] new [redacted] independent forecasting body, [redacted] council [redacted]nomic advisers, before the autumn wage round. [redacted] for companies [redacted] leap-frog would be further [redacted] if the annual wage [redacted] were compressed [redacted] a much shorter period.

This is [redacted] as far as pay co-ordination in Britain should [redacted] Centralised bargaining[redacted] meetings [redacted] employers and union leaders [redacted] undesirable [redacted] they are, in [redacted] near future, unlikely. Even more damaging would be [redacted] employers or unions and [redacted] government, whereby [redacted] promises [redacted] in nominal [redacted] real incomes, [redacted] social [redacted]fits, but only in return [redacted] wage [redacted].

To try to [redacted] pay round [redacted] the [redacted] as [redacted] Campaign [redacted] suggested, would [redacted] just [redacted] manipulation. Past evidence [redacted], overwhelmingly, that neither [redacted] govern[redacted] nor [redacted] TUC has ever [redacted] deliver. [redacted] to believe they could [redacted] so now. For Labour it would [redacted] asking [redacted].

Much [redacted] employ an independent central bank, empowered [redacted] tighten [redacted]tary policy if [redacted] fast. Currently, [redacted] Bundes[redacted] is doing precisely that in Germany, while effectively imposing [redacted] same discipline on a recession-weary UK through [redacted] ERM. The case for an independent Bank [redacted] England will [redacted] go away.

Ian Davidson asks if Mitterrand can recover his political poise

Marathon man falters

When President François Mitterrand mishandled his initial television [redacted] last month's attempted putsch in the Soviet Union, [redacted] came in for fierce [redacted] from all sides. After he appeared [redacted] acquiesce in the coup by referring immediately after it to "the new Soviet leaders", some critics implied that advancing [redacted] (he is 74) [redacted] impaired his touch at [redacted] critical moment; others went for [redacted] innuendo – that his legendary judgment in foreign policy [redacted] profoundly out of step with the rapidly changing world.

Given the unpredictable [redacted] change on [redacted] international scene, it might [redacted] been [redacted]sonable for critics [redacted] overlook [redacted] temporary error of judgment. What [redacted] the Mitterrand episode [redacted] interesting [redacted] that, like [redacted] tropical storm, it has continued to roll round and round the French political firmament, rumbling ominously and casting an [redacted] darker shadow.

Part of the explanation, [redacted] is seasonal. When the Soviet putsch story broke, France was on holiday, and it [redacted] only now [redacted] the heavy hitters in politics and [redacted] returning [redacted] world of work. Moreover, the seaside conferences [redacted] main political parties, which peaked early [redacted] week, have [redacted] providing [redacted] platforms for pumping up the controversy.

But it is beginning to look as [redacted] the Mitterrand episode [redacted] have [redacted] more than [redacted] epi[redacted]. In [redacted] Union, [redacted] coup [redacted] been [redacted] greater [redacted] anyone could [redacted] predicted [redacted] by the [redacted] token, [redacted] international ramifications, [redacted] its impact [redacted] French politics, may [redacted] be more far-reaching. [redacted] the tropical storm [redacted] rumbling around [redacted] political [redacted] because [redacted] tropical storm [redacted] still rumbling around the [redacted] firmament.

[redacted] so often, the [redacted] penetrating analysis [redacted] situa[redacted] come from [redacted] Serge July, [redacted] brilliant editor [redacted] newspaper Libération. The deep problem, [redacted] suggests, is not [redacted] Mitterrand is old [redacted] enfeebled, but that [redacted] natural rhythm of political [redacted] out [redacted] with [redacted] pace [redacted] events. Throughout his political life, Mr Mitterrand has repeatedly proved his [redacted]tery [redacted]. But that mastery has been demonstrated in the long rhythms of [redacted] today's unstable [redacted] requires much [redacted] responses.

[redacted] Mr [redacted] most often quoted [redacted] is: "*Il faut donner du temps* [redacted] *temps.*" [redacted] must let time do [redacted] work]. He put it in practice [redacted] domestic political [redacted] with [redacted] 10-year strategy through the 1970s [redacted] and then stifling [redacted] French [redacted] made the Socialist party [redacted] biggest party in France, and then gave him the presidency in [redacted] still putting his strategy in practice abroad, with his long-term programme [redacted] leading the European Community along [redacted] quasi-federalist road.

President [redacted] for playing long worked [redacted]tacularly to [redacted] advantage [redacted] years [redacted] when he [redacted]prehensively outmanoeuvred [redacted] right-wing rivals in the

presidential [redacted] 1988. [redacted] 1989 [redacted] the fall [redacted] the Berlin Wall, [redacted] has moved [redacted] for him. Throughout [redacted] years, [redacted] put on [redacted] display of serenity; but he [redacted] repeatedly [redacted] really wanted [redacted] slow [redacted] kaleidoscope of change, whether it [redacted] unification of Germany [redacted] of [redacted] Yeltsin [redacted] republic.

This underlying pattern [redacted] obscured earlier this year, [redacted] Mitterrand was able to give a virtuoso performance of his slow strategy during the long [redacted] build-up [redacted] the Gulf [redacted]. Not [redacted] that the upheavals in [redacted] Europe [redacted] creating large additional complications for [redacted] strategies [redacted] and in Europe.

[redacted] home, [redacted] Mitterrand [redacted] long pursued [redacted] strategy of [redacted] *facto* union of [redacted] left, in which the reduced Communist party could be relied on to support the Socialists in parliament. Mr Michel Rocard, the former prime minister, tried to build *ad hoc* coalitions in the centre, but his replacement in May by the more left-wing Mrs Edith Cresson looked like an attempt [redacted] life into the [redacted] alliance.

And yet this old alliance was

The deep problem [redacted] not that President Mitterrand [redacted] old or enfeebled, but that his natural rhythm of political action is out of kilter with the pace of events

merely did he soar to new (if temporary) heights [redacted] public popularity, [redacted] he reduced virtually all his political [redacted] to loyal acquiescence.

They are now taking their revenge, by attacking him in [redacted] inner sanctum [redacted] his foreign policy; [redacted] they are also drawing a sweeping [redacted] conclusion from [redacted] aftermath of [redacted] in the Soviet Union: Socialism, they smile, is [redacted].

From such people such [redacted] conclusion is obviously wishful thinking. But [redacted] already beginning to [redacted] from fatal weaknesses. The shrinking Communist party is already fast losing any plausible future as a parliamentary prop; Mr Mitterrand [redacted] no intention [redacted] gratifying it in policy terms; and [redacted] little evidence that a leftward swing would be an election-winning recipe. These weaknesses can only be magnified by the collapse of the Communist party in the Soviet Union.

Mr Mitterrand may be a lifelong anti-Communist, but [redacted] has no electoral interest in the disappearance of the French Communist party: for in the last analysis, [redacted] reduced Communist party in France [redacted] hope for nothing except an alliance with [redacted] Socialists. His instinctive preference would be [redacted] slower [redacted] of change; but that option seems [redacted] evaporating [redacted].

In Europe, President Mitterrand's strategy for securing far-reaching new treaties on political and economic union this [redacted] can only be compli[redacted] by the dislocation [redacted] the existing order in Europe. In logic, the disintegration of the Soviet Union should [redacted] the case for a [redacted] united Community; but [redacted] the short [redacted] could become a pretext [redacted] opponents [redacted] the Community model who would use the example of the breaking up [redacted] the [redacted] empire as [redacted] argument against [redacted] federalism in Europe.

But it is [redacted] home [redacted] President Mitterrand's dilemma [redacted] most [redacted]. Since [redacted] spring, it [redacted] increasingly probable that the Socialists would be comprehensively [redacted] in the [redacted] general [redacted] in [redacted] an opinion poll in [redacted] suggested that the traditional [redacted] parties would win a sweeping majority of [redacted] having to depend on the [redacted] right-wing [redacted] Front.

If the appointment in the [redacted] month of the [redacted] Mrs Cresson was intended [redacted] trend, it [redacted] badly; almost immediately, her standing in the polls plunged steeply, and she has [redacted] in her wake.

Speculation now [redacted] that President Mitterrand might dump Mrs Cresson, and call [redacted] Mr Jacques Delors, president of the European Commission, to replace her. Even if Mr Delors failed [redacted] the elections, he would have made a dignified re-entry to French politics and would be poised [redacted] a plausible Socialist [redacted] the [redacted] 1995.

Such [redacted] stratagem [redacted] double logic. First, Mr Delors [redacted] largely untainted by [redacted] bitter [redacted] inside [redacted] Socialist party, [redacted] might be able to pose as [redacted] unifying compromise [redacted]. Second, [redacted] a unifying candidate would [redacted] commendation for President Mitterrand [redacted] keeping out Mr Michel Rocard, who has long stalked the succession to Mr Mitterrand. The [redacted] suggest that Mr Rocard would [redacted] the strongest chance of winning the election, but his victory would [redacted] galling [redacted] Mr Mitterrand.

Only one word is now missing from these plans and stratagems, and that is the word socialism. President Mitterrand evidently did not care for Mr [redacted] democracy, which avoided any ideological dogmatism; and [redacted] the [redacted] Palace [redacted] feels compelled [redacted] damp [redacted] left-win[redacted] Mrs Cresson's utter[redacted], which seem anachronis[redacted] being popular. If the British Labour party once suffered from excessive commitment [redacted] old-fashioned socialism, the [redacted] Socialist party may now be suffering from the virtual absence [redacted] any [redacted] political message. Perhaps the conservatives [redacted] right [redacted] all: perhaps [redacted]ism is [redacted].

Postman's plan

Roland Rudd talks to Sir Bryan Nicholson, Post Office chairman

[redacted] Bryan: [redacted] competition

It is not customary [redacted] the head [redacted] a nationalised monopoly to come forward with radical proposals for increasing competition in his industry. However, at first sight something like that [redacted] to be the intention of Sir Bryan Nicholson, the [redacted] Office chairman.

[redacted] with government plans [redacted] erode [redacted] monopoly on delivering all letters costing less than [redacted] by allowing private [redacted] to compete, Sir Bryan [redacted] he embraces the idea [redacted]tion, and is putting [redacted] his own ideas [redacted] change.

In one [redacted] he has no [redacted] but to [redacted] his [redacted] shareholder's aims. But [redacted] Bryan has reasons [redacted] his own for advocating [redacted] competition: [redacted] the [redacted] to be freed [redacted] shackles currently imposed on it by [redacted] government, [redacted] as [redacted] better able [redacted] take on [redacted] private courier companies that [redacted] to [redacted] UK [redacted] delivery business. And – [redacted] government intends – he [redacted] do it on his [redacted] with minimal [redacted] regulation.

"[redacted] [letters] monopoly [redacted] always a [redacted] of an albatross," [redacted] says. "The government's proposals [redacted] the [redacted] of having to stay were we are. It is difficult to change our ser[redacted] within [redacted] monopoly framework; [redacted] much [redacted] within an [redacted] market."

This [redacted] Bryan's first attempt at [redacted] government [redacted] changes to [redacted]. Earlier in [redacted] year Mr Lilley rejected his proposal [redacted] so-called premium delivery service, guaranteeing [redacted] early [redacted] morning delivery, which would [redacted] 35p [redacted] delivery would have [redacted]gered throughout [redacted] day. The government [redacted] not [redacted] implicit [redacted] and residential mail would be politically acceptable while [redacted] Post Office retained its overall monopoly on mail services.

Mr Lilley [redacted] plans [redacted] reduce that monopoly to services [redacted] less than 25p – just above what will soon be the price of a first class stamp – but also [redacted] regulate the industry more closely.

Here is the rub. Sir [redacted] thinks [redacted] proposals need much more consideration. "It is a delicate balancing act to inject more competition while preserving a uniform national service. It [redacted] be done, but it will require a [redacted]."

He believes [redacted] Post Office [redacted] universal and [redacted] nation[redacted] – within a competitive framework – by separating first and second [redacted] mail operations. The [redacted] would retain its monopoly [redacted] costing less than 24p. This would be a standard public [redacted] he [redacted] would be better than current second class but not as good as first – and [redacted] a profit on its own; [redacted] present, second class mail, costing 17p, is heavily subsidised by first [redacted]. A report by [redacted] consultants Ernst and Young, [redacted]missioned by the Post [redacted], showed that this separation [redacted] feasible.

The [redacted] would [redacted] a premium [redacted] – [redacted] first class service aimed at businesses – [redacted] about 35p [redacted] item [redacted] guaranteeing an early [redacted] day delivery. This [redacted] a variation [redacted] Bryan's earlier, rejected proposal – but he thinks it [redacted] a greater [redacted] of acceptance now that [redacted] government [redacted] decided [redacted] monopoly.

In addition, Sir Bryan is taking the opportunity to try to free himself from another government-imposed shackle: the requirement [redacted] the [redacted] Office deliver letters twice a day. "I can imagine the scenario [redacted] the public would [redacted] a different pattern of [redacted]vice," he [redacted]. "That [redacted] mean [redacted] delivery a day would be acceptable."

[redacted] with other nationalised or once-nationalised companies, however, the real dispute that lies ahead [redacted] over regulation. [redacted] Bryan [redacted] the Post [redacted] subject [redacted] of it, not more as envisaged by Mr Lilley. The government would strengthen supervision of the industry through the appointment of a new body, Ofpost, similar to Oftel, the telecommunications regulator. This would advise on whether each [redacted]p towards competition could be undertaken without compromising the Post Office's ability [redacted] service, which is likely to remain the government's main concern.

The government – and naturally enough Sir Bryan – are anxious that private operators, such as TNT, the Australian transport group, should not be allowed simply to pick off the most lucrative business routes, leaving the Post Office to handle loss-making provincial services. As he sees it, the regulator – preferably publicly accounting for its decisions rather than operating in secret as Oftel does – will play [redacted] crucial role here.

[redacted] Lilley [redacted] received a monthly briefing [redacted] Bryan [redacted] the corporation is adapting to [redacted] proposed changes [redacted] they were published as part of the Citizen's Charter in July. Both men [redacted] intent on change, but [redacted] Bryan is preparing for [redacted] bargaining on how to implement it.

OBSERVER

From phones to banking

■ Lord Young seems at his best with a few balls [redacted] the air. [redacted] the sweeping [redacted] Cable and Wireless's top management, only days after announcement [redacted] his [redacted] cleaning role at Salomon, is par for the course. If you want action, Young's your man, [redacted] it would not have been [redacted] complete surprise [redacted] he, [redacted] Lord Carrington, had popped up as the EC governments' Yugoslav peace [redacted].

The [redacted] interesting point in [redacted] reshuffle is [redacted] the apparent promotion [redacted] van Cuylenburg – PVC is [redacted] internal candidate for [redacted] old job – but [redacted] poaching [redacted] one [redacted] Bank's financial high-tech [redacted] was [redacted] man behind a [redacted] Midland success: [redacted] phone banking service.

[redacted] High [redacted] banks [redacted] rightly [redacted] real competition in future is going [redacted] come from telecom giants like BT and AT&T. Giving 42-year-old Harris the job [redacted] running Mercury [redacted] bound [redacted] fuel old worries. While Mercury has numerous other challenges ahead, [redacted] parent's [redacted] capi[redacted] of £6.4bn is [redacted] that [redacted] Midland.

It has the capital and [redacted] technology [redacted] with [redacted] all that's [redacted] is [redacted] Lord Young to press the [redacted]. The stock market is [redacted] possibilities, and surely it can't be just [redacted] BT [redacted] £4 [redacted] day Lloyds Abbey Life's Michael Hepher became BT's new managing [redacted].

Market forces

■ Those in a hurry to visit the Soviet Union while it's still there will have to pay rather a lot for the privilege. Fees for a swiftly issued visa, available within 24 hours, have recently risen from £20 to £80. Observer thought at first that it may just be the [redacted] embassy passing on rampant domestic inflation, [redacted] to be running at between 100 and 200 per [redacted] no.

In fact the embassy has decided to take its own bold strides towards radical economic reform. "We're introducing market forces," said one embassy official.

Chopper

■ Flamboyant [redacted] Descarpentries must [redacted] one [redacted] talked [redacted] least [redacted] men in Paris.

Unkind rumour says [redacted] year-old chairman [redacted] CMB Packaging, formed [redacted] the merger two years ago of France's Carnaud and Britain's [redacted] Packaging [redacted] Britain, [redacted] be [redacted] CMB is [redacted] mum.

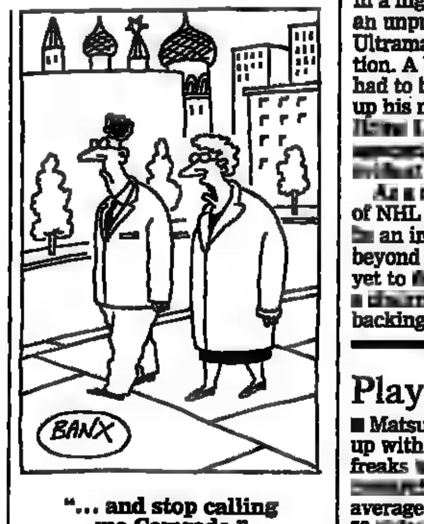
Even so, bankers close to the [redacted] his departure [redacted] is likely when CMB's board [redacted] on Wednesday [redacted] a poor [redacted] of first half [redacted].

The merged group's British executives were apparently miffed by the brusque Gallic style of Descarpentries, an alumnus of the Polytechni[redacted] training ground [redacted] generations [redacted] French élite, which [redacted] followed with Harvard and McKinsey.

Critics maintain [redacted] chopped up [redacted] into units small enough for him to dominate, then demotivated British [redacted] - brought up to keep reporting to a minimum - [redacted] making direct monthly profit comparisons. Descarpentries argued in a newspaper interview last year that he was just trying to create a "community of entrepreneurs." He is fond of of Nestlé chairman Helmut Maucher's dictum: "Look into their eyes, not into their files."

Betting on Descarpentries' replacement is centred on two runners. One is Ernest-Antoine Seillière, the Anglophile for[redacted] diplomat who heads CGIP, the French investment group which holds 25.5 per cent of CMB. The other is young Didier Oury, former industrial adviser to President Mitterrand and in charge of strategy for CMB since July.

The temptation [redacted] to conclude that all this bodes ill for other attempts to get French and British managers to work together. However, bankers in Paris believe this [redacted] more [redacted] a clash [redacted] management approaches than national cultures.



"... and stop calling me Comrade."

Triple trouble

■ John Darby, chairman of train manufacturers Brel, is yet another successful accountant (he was chairman of Arthur Young for more than a decade) whose move into commerce has not been an unqualified success. The three main companies of which he is chairman all seem to have been having more than their fair share of problems.

The shares of Ultramar, where his salary has attracted criticism, have underperformed the market by more than a third over the past year. A highly geared oil company in a high-risk business can be an unpredictable animal and Ultramar has been no exception. A bankers' lifeboat has had to be launched [redacted] buoy up his next charge: National [redacted]. And Brel's [redacted] problems [redacted] been [redacted] some [redacted].

[redacted] chairman of NHL and Brel, Darby may [redacted] an innocent victim [redacted] beyond his control. But [redacted] has yet to [redacted] is [redacted] backing of [redacted] smart money.

Play it again

■ Matsushita Electric has [redacted] up with a product [redacted] freaks [redacted] bad [redacted] the average [redacted] family owns 50 [redacted] tapes, [redacted] has "no [redacted]" [redacted] is [redacted] on [redacted] per [redacted].

The solution: an [redacted] library indexing system. [redacted] will eliminate the need [redacted] classic queries as : "What's on this tape, anyway?". Only problem is that the machine has to be pre-programmed with recording instructions, which could prove harder than playing the tapes to see what is on them.

Wakey, wakey

■ Animal rights enthusiasts will be cock a hoop at a verdict just handed down by a court in the Italian Riviera resort of Spotorno. After decibel checks by police, the judge [redacted] which a Milanese holiday-maker staying close by had accused of unwarrantably disturbing his rest.

The case has inspired Spotorno's mayor to go further. He has [redacted] an ordinance that henceforth all "sound emissions" by domestic animals must necessarily be considered within bearable levels.

Hugo Dixon on international reform of telecoms charges

Counting the cost of calls

The international telephone cartel, which is responsible for international call charges being on average two to four times costs, is gearing up for reform.

The International Telephone and Telegraph Consultative Committee (CCITT), based in Geneva, is meeting tomorrow and Friday to discuss changes to the complicated accounting rate system which is blamed for the high level of prices. It is estimated that telephone users across the world are being overcharged by \$10bn-\$20bn a year.

The meeting [illegible] likely to be a milestone on the path to lower prices. [illegible] there now seems to be a general mood in favour of reform. But a definitive agreement on changes may have to wait until [illegible] sequences of specific reform proposals have been analysed.

The accounting rate system grew up in the first half of the century because of the monopoly structure of the telecommunications industry. National telephone companies, typically state-owned, were not (and are still generally not) allowed to operate in other countries and so had to use their counterparts abroad to deliver calls to their destination.

Some means of compensating the foreign phone companies for their work had to be devised. The accounting [illegible] system, which operates under the CCITT's auspices, is the main one.

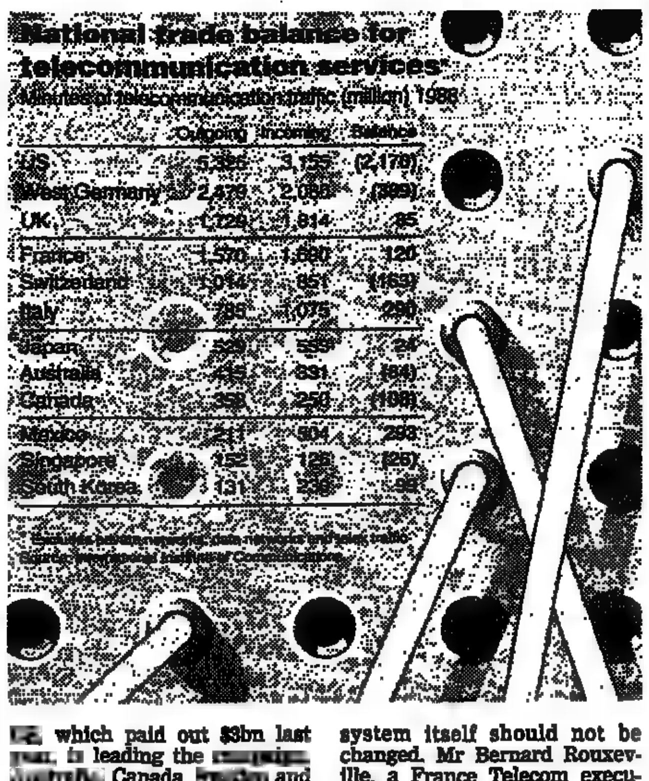
An accounting [illegible] – [illegible] bilaterally between [illegible] – determines how much [illegible] company [illegible] the other for delivering every minute of telecommunications traffic. Phone companies settle on the basis of the net traffic between their countries. In some cases, the payments are large. For example, US telephone companies paid Germany's Deutsche Telekom \$167m net in 1989.

Theoretically, the rates are based on costs. But in fact they are determined by bargaining. The phone company receiving payment [illegible] an incentive [illegible] accounting rates high because [illegible] the amount [illegible] paid. Therefore, although costs have fallen sharply over the past decade, rates have stayed high.

The high level of accounting rates has provided a floor beneath which the phone companies have been unable to cut the prices they charge customers.

Reforming [illegible] system has not [illegible] the countries which are net beneficiaries have a vested interest in its continuation.

However, over the past year, those countries which are net losers have been stepping up pressure for its reform. The [illegible] which paid out \$3bn last [illegible] leading the [illegible] Canada, [illegible] and [illegible] Zealand, which [illegible] sub[illegible] deficits, have also been advocating changes.



National trade balance for telecommunication services*

Minutes of telecommunication traffic (million) 1988

	Outgoing	Incoming	Balance
US	5,335	3,155	(2,178)
West Germany	2,479	2,085	(399)
UK	1,729	1,814	85
France	1,570	1,690	120
Switzerland	1,014	851	(163)
Italy	785	1,075	290
Japan	529	553	24
Australia	415	331	(84)
Canada	358	250	(108)
Mexico	211	504	293
Singapore	152	126	(26)
South Korea	131	230	99

* [illegible]

Source: [illegible]

Momentum for [illegible] been boosted by the fact that the CCITT [illegible] no longer acting [illegible] a vacuum. The European Commission's competition authorities have launched an investigation into accounting rates and call charges, and the US Federal Communications Commission has threatened to cut accounting rates unilaterally in [illegible] if they have not fallen far enough by then.

Meanwhile, there have been economic reports arguing that high call charges restrain world trade and could be harming the interests of the phone companies by curtailing the use of international telecoms.

The argument at this week's meeting of CCITT Study Group 3 [illegible] likely [illegible] be less [illegible] whether accounting rates need to come down than about how to achieve this. There are four main proposals for reducing accounting rates.

■ [illegible] should be negotia[illegible] but the system itself should not be changed. Mr Bernard Rouxeville, a France Telecom executive who is also chairman of CCITT study group 3, [illegible] no need [illegible] radical change: "By 1993-[illegible] the problems raised [illegible] few [illegible] will be [illegible]. Accounting [illegible] will [illegible] costs."

The [illegible] lower accounting [illegible] has certainly accelerated over [illegible] past year. US carriers, led by the largest – AT&T – have negotiated phased reductions in accounting rates of 50 per cent or more with [illegible] UK, Spain, the [illegible] and Hong Kong. European phone companies have also agreed to cut intra-European rates by about half.

But experts such as Mr Tom Luciano, who is responsible for accounting rate negotiations at AT&T, [illegible] still generally far above costs – while costs continue [illegible] fall.

■ The CCITT should set maximum [illegible] for [illegible] rates. [illegible] has [illegible] that for calls up [illegible] km in length [illegible] should [illegible] a top [illegible] of [illegible] special drawing [illegible] (SDR) – the IMF international currency unit – per minute, rising to SDR 1.0 for calls of over 6,000 km. Comprehensive figures on accounting rates are not published except by the US but some are understood to be as high as SDR 5.0.

[illegible] proposal has been criticised by [illegible] and the UK on the grounds that price [illegible] end up being norms and that the rates suggested by Sweden are still [illegible] costs. Mr Bertil Thorngren, director of corporate planning at Televerket, Sweden's telecommunications operator, freely admits this but argues that the figures proposed would still in many cases be below the [illegible] in force.

■ CCITT recommendations should be changed [illegible] contain a clear statement that accounting rates should be based on costs, that the rates should [illegible] published and that phone com[illegible] should not discriminate between different countries.

The US, which [illegible] pushing this line, believes that, so long as accounting rates are kept [illegible], [illegible] difficult [illegible] know whether they [illegible] on costs or not. It is [illegible] difficult to determine [illegible] a phone company is being unfairly [illegible]. The [illegible] that publication would lead to downward pressure on rates, [illegible] phone company would be able to argue that [illegible] [illegible]part was giving other phone companies a better [illegible].

■ The system should [illegible] abolished. Although this is not [illegible] the agenda [illegible] the CCITT, this line [illegible] being [illegible] by the Organisation for Economic Co-operation [illegible] Development.

[illegible] idea [illegible] rate system [illegible] replaced with [illegible] new system [illegible] "termination fees". Every phone [illegible] would publish one as the price [illegible] which it would agree [illegible] calls [illegible] their final destination. This fee would be the [illegible] no [illegible] where [illegible] call [illegible] from and [illegible] higher than [illegible] country's [illegible] expensive long-distance call.

If [illegible] CCITT moves [illegible] bring accounting rates [illegible] costs, that will be only part of [illegible] story. Lower accounting [illegible] would [illegible] a barrier to cutting the prices [illegible] pay [illegible] the same thing as giving the companies an incentive [illegible] prices.

[illegible] way of providing [illegible] incentive would be for governments [illegible] allow competition in international telecommunications. Dismantling the industry's monopoly structure would [illegible] the rationale for [illegible] accounting rate system, because phone [illegible]nies would then be able [illegible] pro[illegible] customers with competing end-to-end services. Most governments, however, have yet [illegible] bite [illegible] bullet.

Edward Mortimer

A fair deal for minorities

The peoples of both Yugoslavia and the Soviet Union face acute problems of self-determination. Minority rights [illegible] the key

FOREIGN AFFAIRS

The central question in the next phase of European history [illegible] can the Soviet Union avoid the fate of Yugoslavia?

The chances do not [illegible] good. Practically all the ingre[illegible] of the Yugoslav tragedy are reproduced in the Soviet Union, only on a much larger scale and with even greater complexity. Both were [illegible] states, [illegible] rather loosely constructed, [illegible] held together by a single Communist party which held power in all the constituent republics. In both, the republics [illegible] identified [illegible] different "nationalities", but their territory [illegible]sponded only very roughly [illegible] the [illegible] inhabited by [illegible] of that nationality. In both [illegible] the largest nationality (Russian and Serb respectively) [illegible] present in large numbers on [illegible] of [illegible] the [illegible] republics, [illegible] was [illegible] by [illegible] other nationalities [illegible] dominant; yet its [illegible] mem[illegible] to see [illegible] main victims. In both [illegible] lesser nationalities [illegible] republics [illegible] own, but enjoying varying degrees [illegible] autonomy. In both, [illegible]munism broke down, [illegible] communist leaderships presented themselves in [illegible] nationalistic terms, but their [illegible] in staving off [illegible] nationalist opposition [illegible]ments [illegible] republics.

Already several outlying [illegible] Union – Nagorno-Karabakh, South Ossetia, [illegible] Ferghana Valley – [illegible] become [illegible] scene [illegible] local and apparently permanent ethnic wars similar to [illegible] the last [illegible] months. But in none [illegible] these [illegible] conflicts has the Russian population been [illegible] of [illegible] main protagonists; and, perhaps [illegible] that reason, the [illegible] forces have not intervened in such [illegible] systematic [illegible]d one-sided [illegible] as the Yugoslav army, which has [illegible] the Serbs.

At the beginning of [illegible] week, Mr Boris Yeltsin did begin to [illegible] alarmingly like the [illegible] president, Mr [illegible] Milosevic, when [illegible] (or [illegible] his spokesman [illegible] warn) that [illegible] reserved the right to negotiate new [illegible] any republic, other than the Baltic [illegible], which sought [illegible] leave the union. In the short term that piece [illegible] sabre-rattling seems to have paid off, since both the Ukraine and Kazakhstan – the two republics most vulnerable to Russian irredentism – after first protesting loudly, hastened to sign agreements with Russia maintaining economic and military co-operation. But [illegible] old fears [illegible] Russian hegemony in the other nationalities.

Distrust and resentment of Russia in the non-Russian republics is understandable. It seems to them that Russia is arbitrarily and unfairly using the Russian diaspora to limit their right [illegible] self-determination. [illegible] unionists [illegible] a similar resentment [illegible] the Irish Republic's pretension [illegible] in Northern Ireland in defence [illegible] the Catholic minority there. [illegible] there are limits [illegible] the right [illegible] self-determination, in practice if [illegible] theory; and [illegible] important [illegible] them [illegible] although [illegible] right [illegible] normally [illegible] by [illegible] majority [illegible] people living in [illegible] given territory, it is very unwise and dangerous for the majority [illegible] disregard the views [illegible] large minority, and especially so if [illegible] minority [illegible] supported by [illegible] neighbouring state larger and more powerful [illegible] the territory in question. [illegible] may [illegible] hold their [illegible] against the Republic, [illegible] long as they still have [illegible] power [illegible] Great Britain behind them. [illegible] Greek Cypriots were no match for Turkey, and the Croats [illegible] heavily outgunned by the [illegible]. Let us hope that [illegible] Ukrainians remain [illegible] enough to avoid setting themselves on a similar collision course with the Russians. (The Kazakhs, who barely outnumber the Russians in their own republic but have a much higher birthrate, would be [illegible] advised to bide their time.)

It [illegible] unwise for [illegible] majority to disregard [illegible] large minority, especially if it is supported by a powerful next-door state

Letters will now pour in from outraged [illegible] and Ukrainian nationalists, not to mention Greek Cypriots. How can I [illegible] such cynical *realpolitik*? Is it not [illegible] of the international community to [illegible] these bullyboy [illegible] and uphold the inviolability [illegible] national frontiers? Should not Britain defend the right [illegible] the majority in Croatia, Ukraine and Cyprus, as it does in Northern Ireland?

Well, I am bound to [illegible] that Britain defaulted on its obligations to both communities in Cyprus – [illegible] special case [illegible] Britain had guaran[illegible] by treaty [illegible] only the international sovereignty of [illegible] but also [illegible] constitutional order. (The Turks [illegible] former [illegible] the pretext of countering [illegible] violations [illegible] latter. Britain did not attempt to [illegible] either, but [illegible] with supplying peacekeeping forces [illegible] consolidate [illegible] *faits accomplis*.) [illegible] me doubtful whether [illegible] and [illegible] entitled [illegible] claim any international [illegible] for frontiers which were established only as administrative divisions within what were then, from [illegible] international point [illegible] view, single states. Secession in itself [illegible] international frontiers. Both [illegible] and [illegible] have [illegible] good point when they [illegible] any [illegible] frontiers should be fixed by negotiation. But that does not mean that either are entitled to try [illegible] the issue by [illegible] it is that attempt, in the Serbian case, which [illegible] EC is [illegible] struggling to block.

Wherever frontiers are drawn th[illegible] will still be minorities [illegible] "wrong" side of them, unless they are [illegible] be eliminated by acts of genocide or mass expulsion. (Such acts disfigured European history in the [illegible] past, but still have not arranged the peo[illegible] of Europe into ethnically homogeneous territorial blocs.) The aim of both national and international policy should be to make these minorities feel at home, so that their grievances do not serve as fuel for endless frontier conflicts.

How should this be done? The [illegible] condition is that individual *human rights* should be guaranteed, especially [illegible] right to travel and communicate freely across frontiers. But in many cases this will not be sufficient, and some group rights will have to be recognised as well. Minorities will not feel at home if they do not have access to education and information in their own language, which means they must be guaranteed a fair share of the state resources devoted to schools, universities and television, with the right to decide for themselves how those resources are used.

Where a national minority is a local majority it is specially important that it should feel at home if it is not to be tempted by secession. That means that it must feel confident about its ability to remain a majority in its own area without having to change its state allegiance, something which can often only be assured by placing limits on individual freedom.

A good example can be found in [illegible] and Human Rights Law, a report issued by [illegible] London-based Minority Rights Group. The Aaland Islands in Finland maintain their Swedish character through regulations on language, education, regional citizenship and the acquisition of property – even to the extent that the consent of the local commune is required for a child of Finnish-speaking parents to be educated in Finnish. Five years' unbroken residence is required before a newcomer can acquire land or vote in regional elections. These provisions have their origin in one of the first decisions [illegible] the League of Nations in 1921. The League awarded the islands [illegible] Finland, and [illegible] accepted this special status for their Swedish minority as the price of avoiding a destructive border dispute with Sweden.

Who is to say they were wrong?

LETTERS

Insurers must be allowed to use genetic testing

From Mr David Purchase.

Sir, I was interested in your report (August 30) from the British Association meeting on the plea from Professor Bob Williamson to ban discrimination by life insurance companies based on the results of genetic testing. This is yet another example of the current trend to argue that, if no "fault" is involved, then social pressures against discrimination outweigh normal scientifically-based judgments. Attitudes to HIV testing are, of course, the most topical and critical example.

The social pressures are real and understandable. However, if you ban such discrimination by life companies, how do you also control discrimination against them by those who do actually know that they are at higher risk? If the average sum insured is £50,000 but those at higher risk insure themselves for £250,000, the "community" – here the remaining policyholders – are paying not only for [illegible] higher risk but paying for it fivefold.

A limit on cover is not the answer, as those at greater risk could easily insure themselves with far more companies than the norm. Whenever there is a choice on the part of the individual seeking cover, insurers must remain free to exercise their own judgments. Professor Gordon Dunstan is surely right to say that, if society then wishes certain adverse consequences to be avoided, society itself should pay the bill.

David Purchase,
deputy chief actuary,
Sun Life Assurance,
Bristol.

How to lose money quickly

From M J Cheetham.

Sir, Further to previous correspondence on Personal Equity Plans, some readers might be interested in the following conclusions, based on five years of bitter experience.

The quickest way to lose money is through traded options, closely followed by warrants.

Unit trusts are a vast improvement. With these, money is lost very much more slowly.

Investment trusts [illegible] good compromise, because their per[illegible] falls [illegible] between warrants and unit trusts.

As an improvement on this compromise, though, there is nothing to beat a Pep comprising investment trusts. With one of these, all your losses are tax-free.

M J Cheetham,
Amwell Cottage,
11 Hassocks Road,
Hurstpierpoint,
West Sussex

The behaviour of banks can be a forecasting lodestar

[illegible] Mr Perry Aldred.

Sir, There is no need for "forecasters to fly blind" (Leader, August [illegible]) if they [illegible] find a [illegible]. Anthony Harris was on [illegible] of one [illegible] "Avoiding the crunch questions [illegible] credit" in [illegible] column on April [illegible] he referred to [illegible] number of decisions in UK banks which were [illegible] made on the basis of the [illegible] they [illegible] on [illegible] career paths [illegible] bankers involved rather [illegible] mercial or [illegible]ations. [illegible] same is [illegible] in the US, where similar decisions made for [illegible] reasons can create actual changes in the flow of funds within the US [illegible] tend [illegible].

What [illegible] happen [illegible] the US after [illegible] such as 1990 [illegible] that US [illegible] will have spent the first quarter [illegible] 1991 identifying and reserving [illegible] problem loans, and the second avoiding surprises and hoping for stability. Given the compet[illegible] pressures the 12,000 US banks cause – where pausing for breath is not acceptable – the current quarter, the third, is seeing the start of new lending in the US as banks strive to create fresh loan books.

There is a similar process [illegible] work in the UK, but given the half-yearly reporting cycle [illegible] and [illegible] common lending experience, starting [illegible] the [illegible] as its US counterpart, January 1991, a UK bank will only be raising [illegible] the [illegible] and making [illegible] loans, not in the third quarter but in the third half year: this will [illegible] in January 1992. The Yasuda Trust Europe Outlook predicted for this reason [illegible] there would be economic [illegible] in the US in the third quarter [illegible]. Using [illegible] logic, the [illegible] to come through [illegible] beginning of [illegible]. There has been no reason to change these forecasts [illegible] beginning [illegible] January this year.

[illegible] various linkages which [illegible] in place through the ownership of multinationals, through [illegible] wholesale [illegible] and [illegible] forex markets, [illegible] is much more dependent upon that [illegible] than [illegible] generally believed, with [illegible] lag here [illegible] six [illegible] nine months becau[illegible] the more frequent reporting periods in [illegible] US. This [illegible] view formed by observing the [illegible] economy emerge from successive reces[illegible]. It [illegible] formed by making comparisons [illegible] behaviour pat[illegible] managers [illegible] number [illegible] years as they have reacted to the extraordinary pressures which quarterly reporting [illegible] in [illegible] open society [illegible] as [illegible] and [illegible] decisions taken in [illegible] more [illegible] timetable in the [illegible] competitive banking [illegible] the UK.

Perry Aldred,
Economic adviser,
Yasuda Trust Europe Ltd,
Liverpool Street,
London.

Financial reports should primarily help companies, not the users of accounts

From Mr Michael J Page.

Sir, The Accounting Standards Board's proposed statement of the Objective of Financial Reporting has received little media attention, possibly because it echoes a similar statement by the International Accounting Standards Committee.

However, the board's adoption of the view that financial reporting exists so that users of accounts can make economic decisions neglects the disciplinary role of accounting and is unlikely to help the board improve the reputation of [illegible] financial reporting from its current low state.

The idea [illegible] user decision-making as a basis for setting standards was influential throughout the life [illegible] the old Accounting Standards Commit[illegible] failed [illegible] provide a guide for choosing between alternative accounting methods.

Instead, a reversion to the view that financial reports exist to enable firms to enter into transactions more cheaply and effectively, by making the firms and their directors accountable, would enable [illegible]dard-setters to [illegible] with many current practices which give rise [illegible] concern and pre[illegible] the worst [illegible] of "creative accounting".

Should [illegible] the Accounting Standards Board encourage [illegible] view that financial reports [illegible] device for encouraging [illegible]ardship and [illegible] corporate governance, even if [illegible] role [illegible] reporting [illegible] past seems [illegible] glamorous than that [illegible] taking decisions about the future?

Michael J Page,
Halpern and Woolf
professor of accounting,
[illegible] Polytechnic,
Milton, Southsea,
Hants.

Christmas at convenience

From [illegible]

Sir, Mr Dodwell (August 31) wishes [illegible] fix Christmas Day "for the [illegible] traders and commerce". Mr Scrooge had a similar view:

"You'll want all day tomorrow, I suppose," said Scrooge.

"If quite convenient, Sir."

"It's not convenient," said Scrooge.

John Gillard [illegible]
11 [illegible] Buildings,
Oxford

Fax service

LETTERS may be faxed on 071-873 5938. They should be clearly typed [illegible] not hand-written. Please set fax machine for fine resolution

FINANCIAL TIMES
Wednesday September 4 1991

London and Beijing make important commitments for 1997 transfer of Hong Kong

Major attacks China's human rights record

By Philip Stephens, Political Editor, in Beijing

AN UNCOMPROMISING [redacted] on China's human rights record by Mr John Major, [redacted] UK prime minister, yesterday [redacted] new Sino-British commitments [redacted] ensure [redacted] transfer of sovereignty over Hong [redacted] in 1997.

During the [redacted] day [redacted] his talks with Chinese leaders in Beijing, Mr Major told Li Peng, [redacted] Chinese premier, that Britain intended [redacted] maintain "unrelenting and unremitting" pressure [redacted] win [redacted] political [redacted]

Li responded with [redacted] equally firm [redacted] China's political and cultural system, [redacted] ing [redacted] most basic human right in [redacted] country of 1.1bn people was to [redacted] sufficient food.

[redacted] reminded his guest [redacted] inglorious [redacted] human rights during its intervention in [redacted] last century.

Speaking [redacted] uncharacteristically sharp [redacted] a later [redacted] conference, Mr Major [redacted] to Beijing [redacted] signal that the world [redacted] for[redacted] crushing [redacted] Chinese pro-democracy movement in Tiananmen Square [redacted] June [redacted] and the subsequent clampdown on [redacted]

"There [redacted] concern about human rights ... I [redacted] worldwide concern perfectly clear in my remarks today. They [redacted] free, frank and forthright exchanges," [redacted]

Referring [redacted] what he termed [redacted] series of "hard-phrased and specific" criticisms covering religious repression in Tibet as well as political detentions, Mr Major [redacted] had presented Li with a list of individual cases. They included two members of the pro-democracy [redacted] currently [redacted] hunger [redacted] in jail, prisoners [redacted] conscience [redacted] by Amnesty International, [redacted] Hong Kong [redacted] in [redacted] China.

"Our discussion today [redacted] human rights is [redacted] end [redacted] matter," he said. [redacted] "personal interest" in [redacted] on [redacted] issue between Mr Douglas Hurd, the foreign secretary, and Qian Qichen, his [redacted] counterpart.

Mr Major pointedly [redacted] to [redacted] reciprocal [redacted] Qian, however, will [redacted] Mr Hurd in [redacted] next spring.

Despite the unexpectedly harsh tone of his human rights criticisms, Mr Major joined Li in promising greatly enhanced co-operation over Hong Kong [redacted] run-up [redacted]

A joint [redacted] after [redacted] formal signature [redacted] the memorandum of understanding covering [redacted] construction of a [redacted] international airport in Hong Kong [redacted] outstanding issues had been [redacted]

[redacted] Major said [redacted] airport agreement [redacted] preserve stability and prosperity [redacted] Hong Kong, but he [redacted] equally upbeat about Li's agreement yesterday on [redacted] appeal in [redacted] Kong.

The [redacted] court, [redacted] judges appointed by [redacted] independent commission, [redacted] by Mr Major [redacted] an important [redacted]guard [redacted] judicial independence in [redacted] colony after [redacted] transfer [redacted] China.

[redacted] for co-operation, Page 4
[redacted] Pacific deal, Page 19

Facing the press: John Major [redacted] journalists in Beijing promises "unrelenting" pressure on human rights

EC races to find Yugoslav peace

The ceasefire must be consolidated quickly, writes David Gardner

THE European Community surprised itself yesterday by the speed at which it consolidated Monday's cautious agreement [redacted] a peace process [redacted] Yugoslavia.

When [redacted] reluctant Mr Slobodan Milosevic, [redacted] president, [redacted] and mediation accord in Belgrade [redacted] Monday morning, it became imperative to maintain [redacted] momentum which [redacted] persuade the warring [redacted] to stop fighting.

Mr Milosevic had refused to sign an earlier verbal peace proposal on August 4, which bought him the month he needed to [redacted] out the [redacted] of Croatia he wants to join to a [redacted]

[redacted] will [redacted] prominently [redacted] Saturday when the EC [redacted] exercise in international mediation [redacted] in [redacted] Hague. The community's intervention [redacted] hoped [redacted] be soon enough [redacted] any irrevocable breakdown [redacted] the fragile ceasefire.

The current Dutch presidency [redacted] the EC had scheduled [redacted] peace [redacted] Sep[redacted] 16. [redacted] from Germany, [redacted] Italy [redacted] moved [redacted] a [redacted] Monday.

But then, as the Twelve foreign ministers [redacted] why they were accelerating, the [redacted] was [redacted] even [redacted]lier, [redacted] Saturday.

"The problem [redacted] us now [redacted] not [redacted] monentum," a [redacted] Dutch official said. The preconditions for the conference going ahead are:

- [redacted] ceasefire in Croatia, to [redacted] by 200 EC monitors who start arriving today;
- disengagement beyond combat range [redacted] the contending parties, including the withdrawal [redacted] the Croatian National Guard, the return to barracks of the Serb-dominated Yugoslav federal army and disbandment [redacted] paramilitaries in [redacted]

[redacted] all [redacted] has yet [redacted] implemented and [redacted] continuing fighting in [redacted] on Monday and yesterday showed that [redacted] vacuum which [redacted] filled quickly [redacted] the accord [redacted] going [redacted] anywhere.

"[redacted] whole country [redacted] brimming with [redacted] Nobody can [redacted] that [redacted] one single shot will fired [redacted] and the conference," [redacted] senior Dutch official [redacted] "But equally," he added, "you can't have a conference if full-scale fighting is going on. You have to judge where the balance is."

More fighting in Yugoslavia is not the sole [redacted] If the balance is judged to be against [redacted] conference going [redacted] then Germany warned yesterday [redacted] would recognise Croatian independence. A spokesman for Mr Hans-Dietrich [redacted] that [redacted] foreign minister [redacted] a delegation [redacted] yesterday [redacted] "if it is [redacted] possible [redacted] bring [redacted] a conference, we will go forward to recognise Croatia."

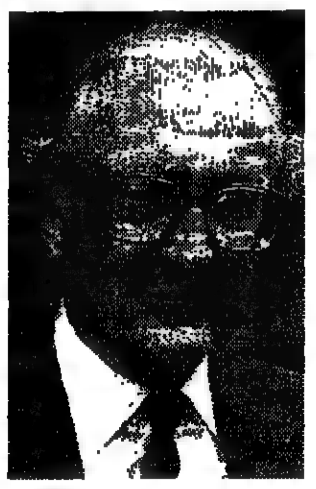
This stance diverges from the agreed position of [redacted] Twelve, and underlines [redacted] risk of the peace process break[redacted] up [redacted] the side [redacted] the mediators [redacted] well [redacted] the Yugoslavs.

Assuming the conference does go ahead, it will be chaired by Lord Carrington, the former British foreign secretary, on [redacted] of the EC. [redacted] separate five-strong [redacted] board will [redacted] attached to the conference.

The EC has named [redacted] eminent constitutional lawyers – Mr [redacted] Badinter [redacted] France, Mr [redacted] Corrasaniti from Italy and Mr Roman Hertzog of Germany – to the board; the Yugoslav parties [redacted] to name [redacted] other members.

[redacted] foreign ministers, [redacted] Yugoslav presidency, [redacted] government and presidents [redacted] all six republics will launch the [redacted] on Saturday. It will then divide into working groups, with [redacted] put [redacted] binding arbitration. The delineation [redacted] frontiers, [redacted] example, [redacted] expected [redacted] arbitra[redacted] will [redacted] to settle, in what looks [redacted] to [redacted] long haul.

The hope [redacted] that [redacted] arbitra[redacted] can [redacted] some [redacted] "depoliticise" [redacted] problems, before feeding [redacted] back [redacted] conference. But, as Mr Hans van [redacted] Broek, the Dutch foreign minister, explained yesterday, "accept[redacted] procedure means accepting [redacted] outcome."



Carrington: respected

Lord Carrington, who has been chosen [redacted] co-ordinator [redacted] the Yugoslav peace confer[redacted], was Britain's Foreign Secretary from 1979-82, when he resigned over the Argentine invasion [redacted] the Falkland Islands.

Respected [redacted] including his handling of negotiations which led to Zimbabwe's independence in 1980, Lord Carrington's career in British politics included several other minis[redacted] posts.

He went on to become an eminently successful Secretary-General [redacted] Nato from 1984-88. Since then he has been chairman of Christie's International plc, the [redacted] auction house.

Spanish to make lots of lolly in Leningrad

By Peter Bruce in Madrid

AS A CATALAN, Mr Enrique Bernat will appreciate the ceremony planned this Friday at at the Leningrad First Confectionery Enterprise factory in Russia's second city.

Mr Bernat, owner [redacted] Chupa-Chups, the world's [redacted] pro[redacted] lollipops, believes [redacted] demand could [redacted] a billion lollipops a year.

[redacted] Spanish lollipops represents the [redacted]et-western joint venture [redacted] be launched since [redacted] failed coup in Moscow last month.

Unfortunately [redacted] Russians with a [redacted] tooth, the cau[redacted] Spaniards have [redacted] them off on Chupa-Chups' [redacted] lollipop.

The [redacted] and [redacted] cellophane wrapping – designed by Salvador Dali – have [redacted] supplied initially from Spain, [redacted] Mr Miguel Otero, Chupa-Chups' international division director, says [redacted] expects [redacted] find local suppliers soon.

He [redacted] the one machine now installed in Leningrad will initially produce 100m lollipops [redacted] year. A new factory should be on stream in a year, raising production to 500m lollipops [redacted] year.

The [redacted] operation will [redacted] Chupa-Chups a [redacted] $10m, but no market [redacted] conducted on whether the Russians [redacted] like lollipops. The biggest headache in Leningrad [redacted] been how much [redacted] charge. The 1½ rouble price barely covers production [redacted]

[redacted] that proves [redacted] much, [redacted] market stands little [redacted] of being tempted by the [redacted]pany's melodypops – a range [redacted] said to [redacted] able [redacted] play Tchaikovsky's 1812 [redacted] or, [redacted] hardliners, the Internationale.

Union plans

Continued from [redacted] 1

Disagreement [redacted] reform emerged a press [redacted] by [redacted] four members of [redacted] Management [redacted] the National Economy. Mr Ivan Silayev, the Russian prime minister, who heads the new committee, proposed an economic community stretching from central Europe to [redacted] East. It could include Bulgaria, Poland and Czechoslovakia.

This came in, however, for sharp [redacted] from Mr Grigory Yavlinsky, [redacted] radical economist and another of the [redacted]s members.

Emu entry proposals

Continued [redacted] Page 1

enter [redacted] three unless, for [redacted] years, it [redacted] demon[redacted]

- "A high degree [redacted] price stability, which is apparent from a level of inflation [redacted] those achieved by the member [redacted] with the best performance in terms [redacted] price stability."
- "A sustainable government financial position, which is apparent from having achieved budget deficits that are [redacted] excessive."
- [redacted] "the normal [narrow] fluctuation margins" of the exchange rate mechanism "without devaluing against any other member [redacted] currency".
- Durability [redacted] convergence, as reflected "in a [redacted] approximation of comparable interest rates relative [redacted] those member states with the best performance in terms of price stability".

Japan may take action against compensated equity investors

By Our Tokyo and Foreign Staff

THE Japanese Ministry of Finance, which is preparing [redacted] in [redacted] the [redacted] spate [redacted] scandals, is [redacted]sidering taking measures against [redacted] as well as [redacted] payments for trading [redacted]

The proposal was announced yesterday by [redacted] Ryutaro Hashimoto, [redacted] minister, who intends [redacted] present [redacted] legislative changes [redacted] parliament. These will [redacted] with compensation payments and with [redacted] recently discov[redacted] wrongdoings, including links between [redacted] companies and [redacted]

Mr Hashimoto, apologising [redacted] a committee [redacted] supervision [redacted] broking industry, [redacted] in terms which were last night interpreted in [redacted] quarters [redacted] suggesting that he was contemplating resigning. "I [redacted] do as much as I can so that in [redacted] future any person taking up my job will [redacted] have [redacted] feel the [redacted] I [redacted] now," he said. However, he is thought likely to stay [redacted] until [redacted] law [redacted] this month.

The proposal to punish investors as [redacted] for compensa[redacted] payments [redacted]troversial. Some members [redacted] parliament [redacted] it [redacted] it will increase the Finance Ministry's powers [redacted] non-financial [redacted] when [redacted] ministry has [redacted] for contributing [redacted] scandals through lax supervision.

Other [redacted] of parliament are [redacted] would [redacted] punish [redacted] since [redacted] not be aware they [redacted] receiving compensation. Compensation [redacted] are illegal only if they are cov[redacted] a prior guarantee.

Securities companies [redacted] admitted paying compensation [redacted] insist that they [redacted] not [redacted] pledges.

The ministry, however, is investigating [redacted] possibility that [redacted] payments were cov[redacted] guarantees – it found that in 59 out of [redacted] cases payments [redacted] made [redacted] clients who had [redacted] no [redacted] The ministry suspects such payments may relate [redacted] by promises of a specific return.

The ministry is also probing claims [redacted] the securities companies, which have [redacted] making payments up [redacted] March 1990, [redacted] paid compensation after that date. Evidence [redacted] more [redacted]t payments [redacted] show [redacted] reports [redacted] stockbroking groups have filed [redacted] the ministry were incomplete.

Slap in the face, Page 19

THE LEX COLUMN

The cracks at Taylor Woodrow

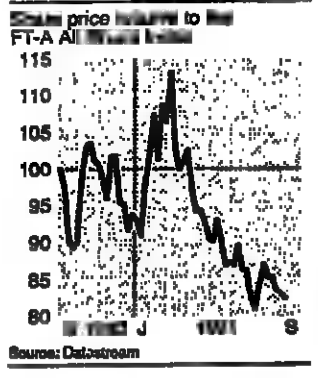
There are two possible [redacted] yesterday's [redacted] figures from Taylor Woodrow. [redacted] is [redacted] assume [redacted] plight [redacted] other UK [redacted] must be [redacted] worse than previously [redacted] The other [redacted] question whether the [redacted] still merits its tag as one of the [redacted] blue chip investments.

It is not that the 33 per cent slump in pre-tax profits was badly out of line with market expectations. The real worry is the size and nature of the first half provisions and the fact that these were only offset by capital gains from [redacted] major south-coast property disposal. The [redacted] problem, [redacted] fair, [redacted] enough known, though yesterday's hit [redacted] be [redacted] than [redacted] the £4m provided [redacted] the [redacted] of last [redacted] Nor [redacted] down of the [redacted] Mary [redacted] housing development – perhaps of the order of £7m-£8m – come completely out of the blue. Probably the most alarming of [redacted] the three troublespots [redacted] the [redacted] contracting side where another £8m is thought to have been provided for in the first six months.

The difficulty for [redacted] shares, which [redacted] on [redacted] prospective multiple of more than [redacted] last night's closing price of 213p, is not just the prospect of furth[redacted] provisions in the second half – development properties and land in the [redacted] and Spain being possible write [redacted] Without much in the [redacted] of UK housebuilding [redacted] shares can hardly look attractive to those still punting on early economic recovery. Viewed as a property play they are trading [redacted] a premium [redacted] net asset value. And, while the company's financial strength is the envy of Costain and Wimpey, it will be needed [redacted] pay [redacted] years of uncovered dividends.

FT-SE Index: [redacted] (-10.6)

Taylor Woodrow



Source: Datastream

Overall, [redacted] is well-placed to exploit [redacted] when [redacted] uncertainty [redacted] how soon [redacted] Bowater itself is not particularly sanguine, particularly as it sees very little sign of the normal pre-Christmas pick-up in orders. With the shares on a prospective multiple [redacted] around 15, the stock market appears to be finally honouring the new management's achievements. But [redacted] may [redacted] prematurely discounting recovery in Bowater's main [redacted]

Bowater

Given the dire state of the paper and packaging sector, Bo[redacted] interim figures [redacted] commendable, [redacted] if the [redacted] per cent increase in pre-tax profits is not quite [redacted] appears. Net interest income is swollen [redacted] result of [redacted] of interest on [redacted] new [redacted]sue plant and amortisation [redacted] group pension surplus.

Nonetheless, Bowater has managed to contain the fall in [redacted] operating margins to just one percentage point in the face of sharply contracting volumes. Its new Australian plant has added to capacity just as it is being reduced by [redacted] main competitor, Kimberley-Clarke.

Water companies

Just [redacted] you thought [redacted] was [redacted] back [redacted] the water shares, [redacted] another of [redacted] carefully phrased letters. Mr Ian Byatt is showing a remarkable persistence, refining his earlier state[redacted] on diversification [redacted] well as reminding the compa[redacted] that their price formula can be subject to unscheduled review.

By previous standards, though, yesterday's intervention was gentle. The companies can afford to be a little relaxed. They know that [redacted] likely to stick to his [redacted] line that the investment needs of the industry must be viewed in a medium-term framework. Assuming he is not provoked, he is simply looking for a few voluntary gestures on pricing like those made last year by Yorkshire and Southern.

It all suggests that the companies are reaching an accommodation of sorts with the regulatory regime. So long as they respond positively to Ofwat's needling they face a gradual attrition [redacted] their operating freedoms rather than a rude ducking. It [redacted] tempting to damn the instability created by *such regular interventions on* the grounds that it damages the market's ability [redacted] price [redacted] While there has undoubtedly been a long-term "Byatt effect", [redacted] no really conclusive evidence [redacted] the short-term [redacted] The [redacted] ability to shrug off yesterday's news suggests the [redacted] driven rather [redacted] by [redacted] fluctuating attractions [redacted] other cyclical stocks than by specific regulatory moments.

Sedgwick

The market [redacted] likely [redacted] be [redacted] more interested in [redacted] David Rowland has [redacted] Lloyd's [redacted] than it [redacted] yesterday's rather flattish interim profits from the company he chairs. Following [redacted] noises [redacted] month from Willis Corroon, though, at least a consistent picture of the UK insurance broking sector has emerged. The main features are determined cost cutting (with [redacted]wick perhaps having the [redacted] a continua[redacted] of dull premium prospects in the [redacted] and severe reinsurance capacity shrinkage in the UK. The extent to which Sedgwick's oil and gas business can be placed [redacted] one of several uncertainties for the second half.

Comparisons with Willis [redacted] inescapable. The [redacted] US links look the more promising in the long term, [redacted] seems [redacted] placed in Europe in the short term. Prospective multiples of around 20 suggest that investors are expecting a great deal from both.

Interest [redacted]

It is hard to believe that just three months ago the UK government seemed caught in a [redacted] circle [redacted] interest rates. With economic pessimism undermining its standing in the polls, it was constrained from delivering rate [redacted] required to secure a recovery. Now, thanks partly to Mr John Major's sudden prominence on the world stage, the outlook is a little brighter. The polls have moved in the government's favour and sterling is firm.

Whether or not the authorities decide to rush in, there is probably room for only a couple of half point cuts between now and the end of the year. Political prudence might suggest conserving the first till closer to the party conference in early October, [redacted] the large fall expected in [redacted] line [redacted] inflation for August. By contrast, moving *now would open up the possi*bility of [redacted] second cut before a [redacted]

WORLDWIDE WEATHER

		°C	°F
Ajaccio	S	30	86
Algiers	[redacted]	32	90
Amsterdam	S	27	81
Athens	F	28	82
Bahrain		–	–
[redacted]	F	34	93
Barcelona	F	[redacted]	77
Beirut	[redacted]	28	82
Belfast	[redacted]	18	64
Belgrade	F	25	77
Berlin	S	26	79
Biarritz	S	26	79
Bombay		–	–
Bordeaux	[redacted]	27	81
Boulogne	[redacted]	23	73
Brussels	S	24	75
Budapest	F	24	75
Buenos Aires	R	15	59
Cairo	C	30	86
Cape Town		–	–
Caracas	C	28	82
Casablanca	S	26	79
Chicago	F	28	82
Cologne	S	29	84
Copenhagen	S	22	72
[redacted]	[redacted]	[redacted]	82
Dallas		–	–
Dublin	S	19	66
Dubrovnik	S	27	81
Edinburgh	[redacted]	16	61
Faro	F	[redacted]	81
Florence	S	28	82
Frankfurt	S	27	81
Geneva	S	23	73
Gibraltar	F	25	77
Glasgow	S	[redacted]	64
Helsinki	S	20	68
Hong Kong	F	32	90
Innsbruck	S	25	77
Inverness	S	23	73
Islamabad	C	30	86
Istanbul	F	25	77
Jakarta	C	31	88
Jersey	S	21	70
Johannesburg	F	19	66
Lima	C	19	66
Lisbon	S	24	75
London	[redacted]	23	73
Los Angeles	[redacted]	29	84
Luxembourg	[redacted]	27	81
Madeira	[redacted]	[redacted]	75
Madrid	F	30	86
Majorca	[redacted]	30	86
Malaga	C	27	81
Malta	R	27	81
Manchester	S	22	72
Manila	R	30	86
Melbourne		–	–
Mexico City	C	25	77
Miami	C	30	86
Milan	S	25	77
Montreal	F	20	68
Moscow	F	18	64
Munich	[redacted]	24	75
[redacted]	[redacted]	[redacted]	88
[redacted]	S	[redacted]	86
Nassau	[redacted]	[redacted]	90
New Delhi	C		
New York			
Nice	S	27	81
Nicosia	F	28	82
Oporto	F	21	70
Oslo	[redacted]	22	72
Paris	S	26	79
Peking			
Prague	S	24	75
Reykjavik	C	10	50
Rhodes	S	28	82
Rio de Janeiro	C	24	75
Rome	F	29	84
Salzburg	S	25	77
San Francisco	F	34	93
Seoul	[redacted]	25	77
[redacted]	F	32	90
Stockholm	S	23	73
Strasbourg	S	27	81
Sydney	[redacted]	[redacted]	72
Taipei	F	[redacted]	95
Tangier	C	[redacted]	82
Tel Aviv	F	[redacted]	81
Tenerife	S	30	86
Tokyo	F	32	90
Toronto	F	23	73
Tunis	F	29	84
[redacted]	F	28	82
[redacted]	S	26	79
Vienna	[redacted]	25	77
Warsaw	F	24	75
Washington		–	–
Zurich	S	24	75

Temperatures at midday [redacted] C–Cloudy [redacted] F–Fair Fg–Fog H–Hail [redacted] S–Sunny Sl–Sleet Sn–Snow T–Thunder

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INSIDE

Generali in deal with US insurance group

Continental Corporation, a US property-casualty insurance [redacted] said yesterday it had reached an agreement in principle with Generali, the large but [redacted] Italian insurer, on co-operation. Page 22

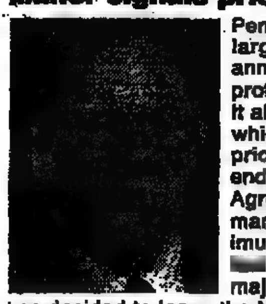
Taylor Woodrow takes provision

The share price of Taylor Woodrow, the UK property and construction group, fell 12p to [redacted] in London [redacted] after it announced substantial provisions. Mr [redacted] Drew, chairman, said the results were "an eloquent reflection of the widespread effects of the recession". Page 26

Christiania Bank criticised

The Oslo Stock Exchange has strongly criticised [redacted] former management [redacted] Christiania Bank, Norway's [redacted] bank, for failing to report accurately credit losses. Page 20

Maher signals price war

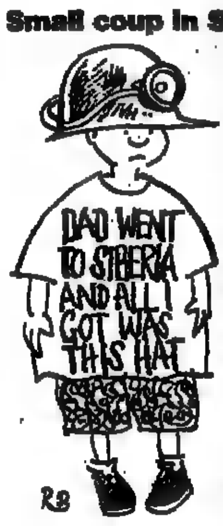


Pentos, Britain's second-largest bookseller, announced flat pre-tax profits [redacted] It also revealed plans which could spark [redacted] price war [redacted] signal [redacted] end [redacted] the [redacted] Book Agreement, which for many [redacted] minimum [redacted] prices. "The [redacted] that [redacted] of [redacted] four major publishing [redacted] has decided to leave the NBA has changed things dramatically," Mr Terry Maher, [redacted] man (above), [redacted]. Page 29

Taking stock in Brussels

The [redacted] stock [redacted] the [redacted] place at [redacted] moment, [redacted] to much-publicised [redacted] and [redacted]. But many retain [redacted] Page 42

Small coup in Siberia



[redacted] months [redacted] going to Siberia to sell [redacted] consultancy [redacted], Mr Maurice Cartwright, an English mining engineer, [redacted] first [redacted] to [redacted] Soviet coal mine. The potential of the mine is considerable and it [redacted] estimated to make a \$22m (£13m) profit by [redacted] year. It [redacted] set in perhaps [redacted] coal mining basin in the world, known as [redacted] Basin. [redacted] the mine pro[redacted] high-quality coking [redacted] a year. Page 30

Bowater improves by 5%

[redacted] the UK packaging, printing and engineering group, yesterday repor[redacted] per [redacted] improvement in pre-tax profits. Mr David Lyon, chief executive, [redacted] "It's damn [redacted] to tell when the recession is going [redacted] end." Page 26

[redacted] Statistics

Companies in this issue

Chief [redacted]

FRANKFURT (DM)							
Rises				**Rises**			
Continental AG	220	+	5	BNP Cert Inv	307	+	16
Henkel Prf	576.5	+	[redacted]	Chargeurs	645	+	20
Hochtief	1335	+	10	Dollfus Mieg	350	+	12.5
[redacted]	282.5	+	[redacted]	GTM-Entrepose	406	+	15
Falls				SILIC	597	+	17
Indestrie Werke	324	–	3.5	**Falls**			
Kaufhof	494	–	5	Cetelem	644	–	16
NEW YORK (\$)				**TOKYO (Yen)**			
Rises				**Rises**			
Compaq Comp	36¾	+	1⅛	Chugai Pharmcl	1250	+	100
Falls				[redacted]	790	+	82
Amrs	35⅛	–	⅝	Nippon Felt	1200	+	100
Browning Ferris	22	–	3⅛	Nissan Nohrin	606	+	66
Collagen	19¼	–	1⅛	Tokai Carbon	789	+	100
Intel	48⅞	–	1⅛	**Falls**			
Kogar Equity	5⅛	–	⅝	Japan Casting	570	–	47
PARIS (FFr)							

New York prices as at 12.30.

LONDON (Pence)							
Rises				**Falls**			
[redacted]	237	+	8	BTR	432½	–	9½
[redacted]	75	+	8	Brent Walker	15½	–	1
[redacted]	373	+	15	Forte	291	–	7
[redacted] (P)	135	+	7	Pickwick	190	–	18
[redacted] Int	208	+	13	RTZ	590	–	13
[redacted]	265	+	7	Taylor Woodrow	213	–	12
[redacted]	185	+	14	Trans World	96	–	19
[redacted]	18	+	3	Turnbull Scott	86	–	10
[redacted]	182	+	7	Wellcome	746	–	14
[redacted]	71	+	7				
[redacted]	140	+	5				

UK ministers told to sack Salomon

By Roland Rudd [redacted] Hugo Dixon in London

THE British government [redacted] been told by its advisers in the sale of part of its BT shareholding to sack Salomon Brothers as its lead US manager.

It seems inevitable that Salomon will be removed from its high profile role in the part sale of the UK telecommunications group when ministers meet this morning. Mr Norman Lamont, chancellor of the exchequer, and Mr Francis Maude, financial secretary, are expected to inform Lord Young, the former cabinet minister who is now a director of Salomon.

Unless he can provide what one adviser called a "wild card" explaining why Salomon has to be retained, the firm will be fired as US lead manager. Goldman Sachs, which was runner-up in the original selection, is expected to be appointed by the end of the week. The other finalists were Merrill Lynch and Morgan Stanley.

Ministers would like to make their decision known today before tomorrow's BT presentation to around 70 analysts. This is the final briefing before analysts' research papers are prepared later this month in advance of the £5bn BT sale in November. However, an announcement is not expected until later in the week.

The recommendation to sack Salomon is a blow to the firm as it tries to re-establish its reputation following the news that it rigged recent US Treasury bond [redacted] Mr [redacted] Gutfreund, the former chairman who [redacted] recently forced to resign, [redacted] original presentation to [redacted] UK Treasury.

However, Salomon's expected [redacted] will [redacted] as a surprise [redacted] directors. They [redacted] have [redacted] difficult [redacted] keep the firm in [redacted] role.

Lord Young, who is leading the committee responsible for ensur[redacted] keeps within [redacted] rules, [redacted] did [redacted] more [redacted] company's [redacted].

He [redacted] was [redacted] present role that would be a "political decision". But he argued that time would eventually [redacted] company's credibility.

[redacted] government's advisers, however, [redacted] firm [redacted] error when it [redacted] it known [redacted] worried [redacted] losing [redacted] position as [redacted] US [redacted]. The advisers [redacted] increased [redacted] speculation which further damaged the firm's position.

Lord Young, who is also executive chairman of Cable and Wireless, [redacted] international telecommunications group, *sought to [redacted] C and W* shareholders [redacted] be [redacted] from [redacted] job by [redacted] role.

"It will [redacted] an increase in responsibility but not [redacted] load," he said.

Inside Tokyo's stock exchange: daily trading volume has slumped to below 500m shares as private investors have stayed away

A slap in the broker's face

Japan's scandals alienated private investors, reports Michiyo Nakamoto

As [redacted] Securities, Japan's big[redacted] broker, gather [redacted] for their biannual [redacted] managers' meeting to assess the harm done by recent securities scandals and consider strategies for the future, their thoughts will no doubt turn to one of the most damaging legacies of the recent events – the alienation of the individual investor.

Private investors are still fuming over revelations of unequal treatment by the country's leading brokers. Their anger has been fanned by rising suspicions that Nomura Securities had manipulated trading in a particular stock to benefit a gangster group.

Morale in the industry has hit rock bottom. Daily trading volume, [redacted] averaged [redacted] 1bn and 2bn shares in the market's heyday, *has slumped to well* below 500m. Last month, volume shrank to below 200m shares for nine trading days in a row.

The brokers admit that the alienation of the private investor has necessitated a reassessment [redacted] strategy. "It is impossible [redacted] the [redacted] being even to try to recover the trust of private investors while the public is gripped by the mood of securities company bashing," says one Nomura official.

"But private investors are a very important source of business for us. Once things [redacted] quietened down we will have to work seriously to regain their [redacted]."

The Tokyo [redacted] has long benefited from [redacted] investors to an extent that [redacted] London nor New York could claim. Private investors have also been [redacted] lucrative source of income for the securities companies, which still enjoy fixed commissions.

At the large Japanese brokers, retail business has accounted for between 30 per cent and 40 per cent of overall business while at medium-sized firms [redacted] figure rises to 50 per cent or more.

"It is not surprising that UK brokers who rely on institutional investors are not as profitable as *Japanese brokers which have a* high proportion of private client business," one J[redacted] broker [redacted] just [redacted] the scandals broke out. "Private clients in Japan do whatever you tell them to," he confessed.

Japanese share traders scramble for a slice of the action

With a combined salesforce of several thousand complemented by hundreds of sales staff working in about 500 share shops all over Japan, the big four leading brokers had little difficulty drumming up activity in the country's low interest rate environment of the 1980s.

For much of the glory days of Japanese equities, Nomura Securities alone was responsible for about 30 per cent of trading. Together the big four accounted for about 75 per cent of market activity. Shares that were targeted by a Nomura sales campaign were thought to be virtually assured of a strong rise.

The questionable practices that the scandals have exposed were not unknown even to non-professionals on the market. There had always been talk of brokers churning portfolios – turning them over more than is necessary to generate commission.

Certain highly volatile stocks were known to be targeted by speculative groups. The existence [redacted] *political* [redacted] are thought [redacted] political fund-raising and which [redacted] sharply for [redacted] that [redacted] quite clear [redacted] the layman – was taken for granted.

So [redacted] industry's links [redacted] although it was generally assumed that the more respectable brokers [redacted] their [redacted].

Individual investors [redacted] along with the [redacted] they believed [redacted] they [redacted] to benefit from [redacted] it [redacted] companies were up to.

By bringing [redacted] practices into the open, the scandals destroyed the myth that, rigged [redacted] be, the market was providing everyone with their fair share of the gains.

The Japanese [redacted] ministry's confirmation this [redacted] that it suspects [redacted] of having manipulated stock in Tokyu Corporation to [redacted] the head of a criminal organisation, is tantamount to [redacted] allegation [redacted] sacrificed the [redacted] of private [redacted] the benefit of [redacted] favoured [redacted].

[redacted] favouritism within the industry that [redacted] emerged with [redacted] scandals is only the [redacted] to individuals' confidence in [redacted].

The growing influence [redacted] arbitrage trading had already [redacted] private [redacted]. Then last [redacted] sharp falls [redacted] 40 per cent [redacted] Nikkei average, further alienated individuals.

"The feeling of despair among individual investors [redacted] very strong," [redacted] one private inves[redacted] what the [redacted] tell us any more."

The private investor [redacted] perhaps part [redacted] an inevitable [redacted] greater institution[redacted] Tokyo market.

At [redacted] beginning of [redacted] 1980s individual [redacted] comprised nearly [redacted] per [redacted] by Japan's integrated [redacted] companies [redacted] institutions made up [redacted] 19 per [redacted] individuals accounted for [redacted] per [redacted].

The big four [redacted] need substantial retail business [redacted] their [redacted] branch [redacted]. Yet [redacted] ing [redacted] the mass-marketing strategy [redacted] helped propel them to their present international status, has any part [redacted] in their future strategy.

The [redacted] mass-marketing [redacted] also [redacted] of changing attitudes [redacted] younger Japanese. [redacted] peer pressure [redacted] drove sales [redacted] anything short [redacted] robbery to [redacted] sion [redacted] less [redacted] new generation, [redacted] one [redacted].

The surge of individual activity fuelled by the mass-marketing tactics of the leading brokers, [redacted] an important factor behind the rapid [redacted] the Tokyo mar[redacted]. That rise, in turn, helped finance the expansion of Japa[redacted] corporations.

In trying to bring the market [redacted] to the regulatory standards of [redacted] west, the authorities are walking a tightrope between the need [redacted] regain respectability and [redacted] that drastic [redacted] could undermine the market's [redacted] as a source [redacted] funds for [redacted] Japan.

Pentland may increase shareholding in Adidas

By Christopher Parkes in [redacted]

PENTLAND GROUP, the British sports shoe group, may increase its shareholding in Germany's Adidas sportswear concern beyond its current 25.05 per [redacted], Mr René Jäggi, Adidas chief executive, hinted in Munich yesterday.

He also forecast a 50 per cent increase in Adidas's operating profits this year – to around DM60m (\$34m) from DM40m – with further progress in 1992.

Mr Jäggi claimed that Pentland had exercised the option to buy a further 5 per cent of [redacted] which it took out last month when it paid £46m (\$77m) for its initial 20.05 per cent stake in the company. He [redacted] he thought [redacted] would [redacted] more [redacted] follow, noting [redacted] was [redacted] to reduce [redacted] its [redacted] US competitor Reebok.

Pentland raised around \$396m earlier this year by selling part of its holding in Reebok [redacted] used [redacted] of [redacted] cash in July [redacted] buy the Adidas Pony sports shoe brand. [redacted] a month later [redacted] the purchase [redacted] its [redacted] in the [redacted] group.

[redacted] turnover [redacted] of July, [redacted] DM2.12bn, [redacted] 8 per cent [redacted] on the comparable period of [redacted], Mr Jäggi said. Revenues from continued sales of subsid[redacted] and [redacted] would [redacted] best equal last year's figure of [redacted].

Citic consortium in HK\$7bn agreed bid for Hang Chong

By Angus [redacted] in Hong Kong

A CONSORTIUM led by Citic [redacted], the Hong Kong listed [redacted] Peking's China and Interna[redacted] Trust [redacted] Investment Corporation (Citic), is set to win control [redacted] Hang Chong Investment, a trading and agency [redacted] which [redacted] one [redacted] Hong Kong's largest unlisted [redacted].

The consortium, which [redacted] some [redacted] Hong Kong's leading businessmen, yesterday announced [redacted] HK\$6.94bn [redacted] cash [redacted] for [redacted] Chong.

Hang Chong's board is recommending the offer and 44.3 per cent of shareholders have already accepted. The bid needs 50 per cent approval to become unconditional.

The deal will transform Citic Pacific into a major concern in Hong Kong and the company is now likely to apply to become a constituent of [redacted] Seng [redacted].

According to [redacted] analysts, Citic Pacific will be Hong Kong's first mainland Chinese "hong", or trading conglomerate, as [redacted] approaches [redacted] well-established companies like [redacted].

The [redacted] group [redacted] as [redacted] aggressive [redacted] capitalistic of China's state-owned corporations. It [redacted] Hong Kong in the 1980s [redacted] took over a shell [redacted] has [redacted] expanded to become [redacted] publicly listed [redacted].

[redacted] listed arm [redacted] Cathay [redacted] Air[redacted] of [redacted] telephone monopoly [redacted] other property holdings. The private [redacted] (Hong Kong), also [redacted] of Hongkong Telecom.

[redacted] shareholders in [redacted] consortium [redacted] Mr Li Ka-shing with [redacted] cent, Mr Robert Kwok's Kerry Trading with 7 [redacted] cent and Mr Larry Yung, [redacted] of [redacted] (Hong Kong) with 6 per [redacted]. Mr Li and [redacted] already minority shareholders in [redacted] with [redacted] per [redacted] holdings respectively.

Citic Pacific has a 36 per cent stake in the consortium and will finance the purchase through a placement of 1.29bn shares to raise HK\$2bn.

Hang Chong has significant interests in foodstuff and machinery trading and motor dealerships in Hong Kong and North America. It is the distributor for Honda and Nissan cars in Hong Kong and also owns property and listed investments.

Mr Philip Tose, chairman of Peregrine, an investment [redacted] with an [redacted] per cent share in the consortium and links to all the other parties, said:

"We see [redacted] tremendous future for Hang Chong, especially with Citic's backing, and for its agencies moving into China."

Citic Pacific also announced yesterday its [redacted] profits since a restructuring in J[redacted] which saw the company's name changed from Tylfull. The company announced net profits rose 34.5 per cent to HK\$41.8m and is paying an interim dividend of 1.7 cents [redacted] share.

Rhône-Poulenc falls 54% in first half

By William Dawkins in Paris

RHONE-POULENC, France's largest chemicals group, yesterday reported a [redacted] per cent fall in first-half net profits [redacted] FFr991m (\$166.2m) after lower [redacted] in the second quarter.

By contrast, the state-controlled company's tradi[redacted] performance slipped only slightly, with [redacted] 1.5 [redacted] decline in operating profits to [redacted] over [redacted] same period. Rhône-Poulenc [redacted] aiming for substantial growth in operating income [redacted] the year. Opera[redacted] rose sharply [redacted] quarter, by 19.4 per [redacted] from [redacted] period of last year, [redacted] FFr1.6bn.

[redacted] attributed [redacted] continued [redacted] demand [redacted] healthcare products, which stockbrokers estimate [redacted] half [redacted] operating profits following last year's acquisition [redacted] Rorer, the [redacted] drug maker.

Chemicals and [redacted] saw an improvement in income during [redacted] quarter, as did [redacted] subsidiary, Rhodia. Agrochemical profits [redacted] second quarter.

Group sales rose 5.7 per cent in [redacted] half, [redacted] FFr42.23bn from [redacted] the [redacted] six [redacted] of [redacted] charges rose from FFr1.66bn [redacted] FFr2.2bn, [redacted] legacy of [redacted] heavy international buying spree over the past two years. Gains from the asset sales which Rhône-Poulenc is making to reduce its debts fell from FFr804m in the first half of last year to FFr201m. Asset sales were only FFr76m in the second quarter, against FFr440m in the comparable period last year.

Analysts are expecting asset sales to pick up again towards the end of this year. Coupled with a continued rise in operating profits, this suggests that full-year net income could rise to FFr2bn, from FFr1.9bn in 1990, said Mr Alastair Kilgour, European chemical analyst at BNP Securities in London.

Dresdner Bank, BNP in share plan

By Andrew Fisher in Frankfurt and William Dawkins in Paris

DRESDNER BANK, Germany's second largest bank, and Banque Nationale [illegible] Paris, France's largest state-owned bank, are on [illegible] of completing a wide-ranging collabo[illegible] agreement which will involve cross-shareholdings [illegible] around 10 [illegible].

The two banks will shortly present [illegible] proposals [illegible] the European Commission [illegible] Brus[illegible] – possibly in [illegible] few [illegible] – and [illegible] their [illegible].

BNP [illegible] several [illegible] [illegible] be [illegible] out, including the [illegible] the mutual shareholdings. [illegible] banks indicated, however, that [illegible] were likely [illegible] around 10 [illegible] cent.

Like Commerzbank, the third biggest German bank, and [illegible] Lyonnais, [illegible] state-owned, Dresdner and BNP said earlier [illegible] year [illegible] they hoped soon [illegible] mutual [illegible].

But Commerzbank has given up the [illegible] of negotiating cross-holdings with Crédit Lyonnais [illegible] differences on future expansion policy and in management and banking styles.

In April, Commerzbank said [illegible] an "[illegible] stage". Since then, it [illegible] association with Crédit Lyonnais, which recently opened [illegible] German branch in Baden-Baden. Talks have now ended.

The links between Dresdner [illegible] BNP were recently extended with [illegible] decision to open a joint venture bank in Prague, possibly with a local Czechoslovakian partner. They already have combined operations [illegible] Hungary, Turkey [illegible] Switzerland, and plan to start [illegible] shortly in Poland.

The possibility of closer links [illegible] German [illegible] French [illegible] given [illegible] impetus in April, [illegible] French government [illegible] that private concerns could [illegible] minority [illegible] in [illegible] [illegible] plans [illegible] partial privatisations further improved the political [illegible] for [illegible].

Analysts [illegible] the [illegible] the Dresdner/BNP deal [illegible] now [illegible] while [illegible] between [illegible] Crédit Lyonnais [illegible] not, reflected [illegible] in style [illegible] French banks. Commerzbank [illegible] uneasy about [illegible] aggressive plans of [illegible] Lyonnais, [illegible] ner [illegible] obviously [illegible] that [illegible] were [illegible] restrained. Moreover, [illegible] BNP [illegible] had members [illegible] each other's [illegible] are expected [illegible] from expanding [illegible] other's markets.

There [illegible] joint acquisitions [illegible] and, [illegible] later, some [illegible] amalgamation [illegible] the [illegible] foreign operations.

The conclusion [illegible] the BNP [illegible] will [illegible] further [illegible] shareholder to Dresdner's owners, following the news in July [illegible] Allianz, [illegible] leading German insurance [illegible] to 23 per cent. [illegible] capitalisation is DM13.5bn [illegible].

IMI suffers 32% fall in profits at half-time

By [illegible], Industrial Editor, in London

IMI, [illegible] UK metals [illegible] engineering group, yesterday reported a 32 [illegible] drop in pre-tax profits [illegible] first half of 1991, partly as a [illegible] price [illegible] imposed by [illegible] maker which [illegible] one [illegible] most important customers.

The price cuts on contracts for Rolls-Royce, sharply lower orders and higher copper prices combined to drive IMI's largest division, refined and wrought metals, to an 88 per cent fall in trading profits of £1.5m ($2.52m).

Mr Gary Allen, IMI's chief executive said there were no signs of an upturn in orders within the UK, which accounts for about 40 per cent of the group sales. Mr Allen said he did not expect renewed growth in the UK to help the company's results until the first three months of next year.

However, there were signs that the upturn was gathering pace in the US, where IMI's fluid-power division, which supplies a wide range of manufacturing industries, has recorded four successive months of improved orders.

Mr Allen said renewed growth in the US, which accounts for 20 per cent of IMI's turnover, should offset slower growth in Germany, which is starting to reduce orders from German engineering industry.

IMI's pre-tax profit for the [illegible] months to June [illegible] was £40.1m, down [illegible] in [illegible] same period [illegible] on [illegible] cent drop in [illegible] £496m.

The building products division managed to restrain its fall in trading profits to 19 per cent, down to £9m from £11.1m, mainly by supplying the booming German market. Trading profits at drinks dispenser manufacturing fell 8 per cent, while fluid power engineering, which supplies machinery makers, recorded a 25 per cent drop.

Capital investment was kept to £20m in the first half, the same amount as last year and 1,200 redundancies were declared during the period.

Midland Bank to merge corporate operations

By Robert [illegible] in London

MIDLAND BANK, the UK banking group, [illegible] all [illegible] corporate operations in the first [illegible] of a thorough [illegible]ganisation [illegible] in March when [illegible] Brian Pearse [illegible] appointed [illegible] and [illegible] replaced [illegible] as [illegible].

[illegible] loans to big corporate companies [illegible] Midland [illegible] Corporate Banking, [illegible] is part of [illegible] banking [illegible].

This business, however, will [illegible] incorporated into [illegible] main[illegible] UK banking operations, [illegible] Lockhart, who currently [illegible] responsibility for lending to [illegible] and medium [illegible].

[illegible] not yet [illegible] likely [illegible] place in the [illegible] months. [illegible]

- Duplicated overheads should [illegible] eliminated. Separa[illegible] administrative and processing departments will be [illegible] 200 jobs [illegible].
- Midland Montagu will acquire greater freedom to market its [illegible] of specialised investment [illegible] services. [illegible] feel constrained in their ability to market their products [illegible] Midland Montagu [illegible] loan [illegible] by [illegible] need [illegible] liaise with colleagues responsible only for lending.

Midland Montagu was established in [illegible]. Under Mr George Loudon, [illegible] chief [illegible]tive, [illegible] will continue to have responsibility for [illegible]tal operations, fund management, a capital markets business and treasury functions. It also owns Samuel Montagu, the merchant bank, which provides advice and complex loan deals to companies.

The record of clearing banks as owners of merchant banks has been dismal. Their culture tends to be at odds with the need to foster individualism within a merchant bank. Samuel Montagu, however, has been given more freedom than other clearers' merchant banks and its record has been good.

The intention of the corporate lending merger, however, is to establish [illegible] clearer identity for Samuel Montagu and Midland Montagu.

Mr Pearse is thought to want to retain the investment banking business. Sales of other subsidiaries are inevitable as attempts are made to prevent recurrence of its poor record and create a group structure which will give it a long-term future as an independent bank.

Delhaize rises 19% on back of US success

By Andrew Hill in [illegible]

PROFITS at Groupe [illegible] "Le Lion", the Belgian retailer, rose by more [illegible] 19 per cent in the first half, on the back of another strong performance from [illegible] group's dominant [illegible] operations.

The group [illegible] BFr2.1bn [illegible] by [illegible] 20 [illegible] increase [illegible] net profits [illegible] 800 Food Lion [illegible]markets [illegible] US which [illegible] $93.5m on [illegible] ($2.47bn) in [illegible] first 24 weeks of 1991. The company's Super Discount Markets, near Atlanta, began to break [illegible] month [illegible] first half.

[illegible] that, [illegible] first 32 weeks of 1991, the sales increase at Food Lion had slowed slightly to 16.9 per cent because fewer new stores were opened in the first half of the year. During the last 20 weeks of the fiscal year the company intends to add up to 75 stores to the 809 already operating.

In the first half, Food Lion sales accounted for more than two-thirds of the group's total consolidated sales of BFr149bn.

Domestic supermarket operations did not improve gross operating profit [illegible]use Belgian wage costs increased. Sales rose 6.95 per cent in the first half, excluding VAT.

French and German aerospace groups propose missile accord

By William Dawkins

THE FRENCH and German aerospace industries are on the point of announcing [illegible] co-operation [illegible] in the production of [illegible] new generation [illegible] short-range [illegible].

Thomson CSF, the French defence [illegible] group, Aérospatiale and MBB, the German [illegible] group, plan [illegible] announce details of [illegible] agreement tomorrow, according to officials of [illegible] French companies.

[illegible] agreement comes six months after Thomson [illegible] plans to pool its missile-making [illegible] Aerospace, [illegible] which [illegible] French company attributed [illegible] to the changing requirements of [illegible] defence market [illegible] aftermath [illegible].

Speculation has been growing [illegible] in European [illegible] co-operation in recent days, [illegible] decision by Aérospatiale, MBB [illegible] Matra, the [illegible] telecommunications and transport group, [illegible] shelve indefinitely another joint [illegible], launched [illegible] year, [illegible] produce [illegible] of [illegible] ground [illegible] air [illegible] be [illegible] the [illegible].

[illegible] existing generation [illegible] produced jointly by Aérospatiale [illegible] MBB.

The [illegible] to delay [illegible] modernisation of [illegible] Roland [illegible] Aérospatiale [illegible] seeking new partners in [illegible] development at a [illegible] reassessing [illegible] plans.

Compagnie Bancaire declines 28%

By William Dawkins

COMPAGNIE Bancaire, the French financial services group, yesterday reported [illegible] decline in group [illegible] profits [illegible] FFr676m ($113.42m).

Compagnie Bancaire, the largest subsidiary [illegible] Paribas, [illegible] investment bank, [illegible] per [illegible] decline in operating income [illegible] FFr561m.

[illegible] bank, [illegible] specialises in leasing, consumer credit, mortgages and direct mail insurance, attributed the earnings decline to a fall in profits from its British activities and from its property lending and investment division. There was an [illegible] in profits from lending to individuals and from life insurance and savings.

Overall, the demand for new loans in France and abroad fell by 9 per cent in the first half. Credit outstanding rose by 12 per [illegible] over [illegible] past year to [illegible] by [illegible] end [illegible] June.

The latest results bring Compagnie Bancaire's group net profits [illegible] 12 months [illegible] the end of June to FFr1.22bn, a 33 per cent decline on the previous [illegible], while operating profits [illegible] 41 per cent to [illegible] over the same period.

Ascom first-half sales advance 2.7%

By [illegible] Dullforce in Geneva

ASCOM, the Swiss [illegible]mation group, yesterday reported a 2.7 [illegible] in [illegible] half sales.

Incoming [illegible] by [illegible] compared [illegible] six [illegible]. Newly-consolidated companies [illegible] some 6 [illegible] cent [illegible] in [illegible].

Despite the [illegible] situation, [illegible] said, [illegible] operating profit for [illegible] a [illegible] should [illegible] slightly higher [illegible] the SFr132m in earnings before interest and tax recorded last year. First-half profits were not disclosed. Last year, the group generated a [illegible] SFr249m on con[illegible] just [illegible] a [illegible] profit of [illegible].

In June, [illegible] management [illegible] slight improvements in both turnover and earnings this year. Yesterday, it said it expected to maintain turnover at around the 1990 level, while the restructuring introduced two years ago should ensure a higher operating profit.

Ascom has been trying hard to expand outside Switzerland, and the first-half figures do not include this year's new acquisitions which are expected to expand group turnover by 10 per cent over a full year.

In a joint venture with Mercedes Information Technologies of South Africa, the Swiss group paid $207m for the Timeplex networking arm of Unisys, the US computer company.

Italcable in $12.4m Chilean purchase

ITALCABLE, the Italian state-controlled telephone company, [illegible] acquired [illegible] per cent stake in VTR Telecomuni[illegible] for $12.4m, becoming the second-largest [illegible] of Chile's largest private telecommunications group, AP-DJ reports from Milan.

A spokesman for Italcable, which handles intercontinental telecommunications within the [illegible] said it took [illegible] VTR [illegible] under [illegible] recent capital [illegible] by the Chilean group.

[illegible] is also negotiating to acquire [illegible] in leading telecommunications [illegible] in [illegible] and Venezuela. The spokesman [illegible] groups.

"We are extremely interested [illegible] strengthening [illegible] in Latin America and South America," [illegible] said.

VTR, [illegible] operates mainly in national and international telex transmission, recently [illegible] from [illegible] government [illegible] develop the country's [illegible] telephone [illegible].

The Italian company's [illegible]nical, [illegible] management skills will be [illegible] determining factor in setting up the telephone system.

Italcable is part of telecommunications group STET Societa Finanziaria Telefonica, which is controlled by the state holding Istituto [illegible] la Ricostruzione Industriale (IRI).

VTR Telecomunicaciones [illegible] 45.5 per cent controlled by Chilean holding company Luksic. Chicago Continental Bank of the US controls 13 per cent and Siemens, the German electronics and electrical group, holds the remaining 6.5 per cent.

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 [illegible] period ending	Provisional Prices for Trading on [illegible]: Pool purchase price £/MWh	Final Prices for Trading on [illegible]: Pool purchase price £/MWh	Pool selling price £/MWh
0030	16.11	16.83	15.83
0100	16.10	16.53	15.53
0130	16.10	15.51	15.51
0200	16.10	16.50	15.50
0230	16.10	16.50	15.50
0300	16.10	16.50	15.50
0330	16.10	15.50	15.50
0400	16.10	15.50	15.50
0430	16.10	16.50	15.50
0500	16.10	16.50	15.50
0530	16.19	15.50	15.50
0600	16.25	16.62	16.62
0630	16.32	16.93	19.80
0700	19.06	21.16	24.04
0730	20.61	21.16	24.05
0800	25.56	18.64	21.54
0830	25.64	18.64	21.54
0900	26.35	18.64	21.53
0930	26.82	21.42	24.37
1000	26.96	21.42	24.36
1030	26.99	21.42	24.36
1100	27.08	21.42	24.37
1130	27.51	21.43	24.37
1200	27.84	21.43	24.37
1230	27.37	21.42	24.36
1300	27.73	21.42	24.37
1330	16.23	21.42	24.38
1400	23.95	21.42	24.38
1430	23.90	21.42	24.38
1500	23.89	21.42	24.38
1530	26.83	21.42	24.37
1600	26.93	21.42	24.36
1630	27.13	21.42	24.36
1700	27.16	21.42	24.38
1730	25.68	21.42	24.36
1800	23.80	21.42	24.37
1830	17.56	18.25	21.13
1900	17.57	21.01	23.92
1930	17.57	21.01	23.97
2000	23.71	21.01	23.96
2030	26.66	21.01	23.87
2100	26.66	21.27	24.23
2130	22.44	21.27	24.20
2200	19.73	21.27	24.19
2230	19.73	21.27	24.21
2300	19.26	17.17	20.02
2330	18.67	15.83	15.83
2400	18.78	15.83	15.63

Prices are determined for every half-hour in [illegible] twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £16.86/MWh becomes 1.686p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The provisional Pool Purchase Price is subject to revision or correction until final pool prices are determined approximately twenty-four days after the day of trading. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Final pool prices are also capable of revision.

NGC Settlements Limited

LEGAL NOTICES

NOTICE OF A MEETING OF CREDITORS
THE LONDON CHEESE COMPANY LIMITED
IN ADMINISTRATIVE RECEIVERSHIP

NOTICE IS HEREBY GIVEN pursuant to Section 48 (2) of the Insolvency Act 1986, that a Meeting of Creditors of the above-named Company will be held at The Palace Hotel, 31 Great Cumberland Place, Marble Arch, London, on 10th September 1991 at 11.00 am for the purposes mentioned in Sections 48 and 49 of the said Act.

A person is only entitled to vote at this meeting if: a) details in writing of the debt claimed to be due from the Company have been given to us, not later than 12.00 noon on the business day next before the meeting, and b) there has been lodged with us a proxy which is intended to be used at the Meeting.

If you wish to participate in the meeting of creditors, would you please forward details of your claim against the company, and any proxy which you wish to be used on your behalf, to the offices of Latham Crossley & Davis, 45 Conduit Street, London W1R 9FB.

Dated this 9th August 1991

Peter S. Dunn FCA, Administrative Receiver

IN THE MATTER OF SYSTEMATION LIMITED
AND IN THE MATTER OF
THE INSOLVENCY ACT 1986

In accordance with Rule 4.106 of The Insolvency Rules 1986 notice is hereby given that I, Peter S. Dunn FCA, a Licensed Insolvency Practitioner of Latham Crossley & Davis, 45 Conduit Street, London W1R 9FB, was appointed Liquidator of the above Company by the Creditors on 23rd August 1991.

Dated this 23rd August 1991
Peter S. Dunn FCA, Liquidator
Latham Crossley & Davis
45 Conduit Street, London W1R 9FB

INTERNATIONAL COMPANIES AND FINANCE

Restructuring begins at Daiichi property group

By Robert Thomson in Tokyo

FIVE senior officials from Mitsui Trust and Banking have begun restructuring the financially-troubled Daiichi Corporation, the core company of Japan's Daiichi Real Estate group, which has been hurt by a downturn in property prices, higher interest rates and a weak stock market.

The five, including a director of the Mitsui Trust board, are expected to recommend sales of the company's property and securities holdings in an attempt to reduce group debts reckoned by Daiichi to total about Y1,200bn ($8.8bn).

The appointment of Mitsui Trust staff follows the collapse last week of Maruko, a property company which filed for court protection with outstanding debts of Y277.7bn after a sharp downturn in the market for one-room apartments, a popular speculative investment during the late 1980s.

While Maruko's bankers rejected a restructuring plan proposed by the company, Mitsui Trust said the bank had decided to back Daiichi Corporation because the collapse of the company could be disastrous for the real estate sector.

The transfer of staff from a main bank indicates to other lenders that a troubled company will not be allowed to fail, though Japanese banks have been forced to become more selective about the companies they support.

Mitsui Trust said the size of a company, the integrity of its management and the potential impact on the financial system are assessed before a decision [redacted] made on [redacted] restructuring. Daiichi [redacted] the company had asked for direct involvement by the bank because [redacted] the "worsening conditions [redacted] the property market".

Daiichi Real Estate has [redacted] hit by the problems in the apartment [redacted] and by the general sluggishness [redacted] the Japanese property market. New apartment construction in July fell [redacted] its [redacted] in almost [redacted] and apartment prices have fallen sharply [redacted] some [redacted].

The continuing weakness in the market will make difficult the [redacted] of property holdings, which include Japanese office, apartment and resort developments, [redacted] well [redacted] buildings in New York.

Fuji Photo launches digital still camera

By Steven Butler in Tokyo

FUJI Photo Film, the Japanese photography [redacted] yesterday launched [redacted] digital electronic [redacted] still camera [redacted] flexibility could challenge the traditional photography market.

The camera includes [redacted] Fuji [redacted] the world's first image compressing integrated circuit in commercial [redacted]. It [redacted] up to 21 digital images to be stored on an eight-megabit [redacted] card, the [redacted] of [redacted] business card, which is inserted [redacted].

The card can be used to transfer images to personal computer workstations, for display [redacted] television screens, for print-out, or transmission through high-quality ISDN (integrated system digital [redacted] work) telephone [redacted].

[redacted] image compression technology represents [redacted] important [redacted] because of [redacted] difficulty of processing the huge amount [redacted] data required to [redacted] a high-quality visual image. The camera [redacted] 400,000 pixels [redacted] image, [redacted] is up to a [redacted] higher than previous [redacted] devices. The digital still images [redacted] not [redacted] analogue [redacted] computers [redacted] processing.

Although [redacted] resolution cannot [redacted] with traditional photography, it [redacted] of sufficiently high quality for many commercial applications, and [redacted] because [redacted] image processing [redacted] much more flexible. Fuji [redacted] suitable [redacted] desk-top publishing [redacted] design production, [redacted] processing simulation, and analysis in [redacted].

The camera [redacted] Y680,000 ($4,974). Five [redacted] years [redacted] further development [redacted] expected before [redacted] price will challenge [redacted] mainstream [redacted] sumer photography market.

Gearing up to face a downturn

Emiko Terazono on problems in the Japanese machine tools industry

AFTER three [redacted] of strong growth, Japanese machine tool-makers are finally facing a slowdown. With machine tool orders down for the seventh month in succession, companies are bracing themselves for lower [redacted] and smaller profits.

Most machine tool companies are projecting [redacted] downturn in earnings for the current year [redacted] 1992. Yamazaki Mazak, the largest Japanese machine tool-maker, [redacted] that a decline in orders is expected [redacted] depress earnings by 10 [redacted] 15 per cent compared with last year.

Amada, a leading metal-working machine-maker, says it will probably have to [redacted] down its forecasts of [redacted] per [redacted] fall in pre-tax profits of Y28.7bn [redacted] per cent decline in [redacted] of Y162bn, for the current year.

For the past three [redacted], the industry [redacted] seen orders soar by double-digit figures. Last year, helped by strong demand from the [redacted] and [redacted] industries [redacted] boom in capital expenditure, machine tool orders [redacted] 11 per cent to [redacted] record Y1,410bn.

According [redacted] Japan Machine Tool Builders' Association, machine tool orders started [redacted] in [redacted] last year. In June, [redacted] seventh consecutive month [redacted] decline, orders fell 19 [redacted] cent. [redacted] lysts [redacted] Salomon Brothers [redacted] revised down their machine tools [redacted] estimate for the 1991 calender year from Y1,320bn to Y1,300bn. Amada [redacted] that, while capital spending plans [redacted] being implemented, the company had started to cut down on travel [redacted] advertising.

The machine tool industry has shown a pattern of cycles; the previous troughs have [redacted] in 1982, after the second oil shock, and in [redacted] when [redacted] Japanese economy was [redacted] by [redacted] appreciation of the yen. Given that, the cur[redacted] downturn [redacted] not come [redacted] surprise. The question is, whether the trough will [redacted] longer [redacted] those [redacted] the previous cycles.

Higher interest [redacted] have curbed companies' appetite for capital investment, [redacted] con[redacted] demand for products such [redacted] cars [redacted] sharply.

Registrations [redacted] per [redacted] year-on-year in June, from double-digit increases [redacted] year, [redacted] VTR shipments [redacted] July [redacted] cent, [redacted] fourth consecutive decline. Nissan Motor, for example, [redacted] recently announced plans [redacted] reduce plant and equipment investment for [redacted] while.

Meanwhile, the fall in [redacted] market [redacted] made fund-raising difficult as equity financing, which allowed companies to finance at low cost [redacted] the height of the bull market, has become expensive. Banks, having to clear capital [redacted] ratio requirements, are cutting lending growth.

Mr Michael Remington, analyst at brokers SG Warburg, [redacted] has become more bearish as the expected recovery [redacted] the [redacted] market has not materialised.

Mr Ken Kaname, managing director [redacted] Yamazaki Mazak, [redacted] the sluggish [redacted] reflect slower [redacted] growth. While higher capital [redacted] had yet to affect demand, "it will definitely be [redacted] problem".

[redacted] Milling Machine, which specialises in machining [redacted] and electrodischargers – electronic cutting devices – tries [redacted] put on a [redacted] face. The company has projected an 8 per [redacted] fall in pre-tax profits [redacted] on [redacted] 1.8 [redacted] decline in [redacted] to Y61bn.

Makino [redacted] that [redacted] labour shortage [redacted] one boon for demand [redacted] plant [redacted] forcing manufacturers [redacted] for labour-saving factory [redacted].

The [redacted] employment statis[redacted] show that there [redacted] more job [redacted] applicants, and [redacted] shortage, while on [redacted] gradual ease, is expected to continue for some time.

The trend of young Japanese avoiding the "three K" jobs – jobs that are *kitanai* (dirty), *kitsui* (difficult), and *kiken* (dangerous) – [redacted] also adding to [redacted] shortages at plants.

Machine tool companies are looking [redacted] automated systems machines that can run for lon[redacted] hours without supervision. Yamazaki [redacted] that, once demand picks up, orders will [redacted] on flexible manufacturing systems, or an automated line of computerised numerical controlled machine tools.

Companies which rely on exports, such [redacted] Mori Seiki, with [redacted] per cent of its sales abroad, [redacted] expecting economic recovery in [redacted] and Europe [redacted] help [redacted].

But the majority of [redacted] tool-makers depend heavily on [redacted] sales as [redacted] for [redacted] industry [redacted] declined to [redacted] per [redacted] total sales, down from 41 per [redacted].

[redacted] machinery [redacted] as a leading indicator, usually running ahead six months [redacted] an economic downturn but tending to lag behind the [redacted] omy by half a year [redacted] an upturn. [redacted] be [redacted] time [redacted] companies [redacted] a [redacted] in [redacted].

CRA blames soft prices for fall

By Mark Westfield in Sydney

AUSTRALIAN mining group CRA has blamed soft aluminium, lead and zinc prices and production problems at its coal mines for a 49 per cent drop in net profit for the half-year to June 30.

Earnings after tax for the six months fell to A$137.4m (US$107.8m) from A$269.5m, but the 1990 first-half figure was inflated by a A$60.8m abnormal contribution from the sale of part of the group's holding of convertible notes in Germany's Klöckner-Werke steel group.

CRA has joined a string of Australian groups hurt by the recession to cut its dividend, [redacted] this case to 10 cents, fully-franked, compared with 24 cents for the 1990 first half.

The group chief executive, Mr John Ralph, said CRA expected "marginally higher" earnings for the second half because of continuing strong results from its iron ore division and improvements in the coal operations.

CRA's sales for the first half of A$2.28bn were 4 per cent higher than the corresponding period last year, due mainly to improved volumes and prices from its Hamersley iron ore mine in western Australia.

The group shipped a record 23m tonnes of iron ore from Hamersley, which earned the group A$189m, compared with A$139m in the first half last [redacted]. CRA had [redacted] problems [redacted] two [redacted] NSW coal mines [redacted] would [redacted] boost [redacted] the [redacted] shipment [redacted] coal from [redacted] 50 per cent-owned coal project, Kaltim Prima Coal, in Indon[redacted].

CRA booked losses from [redacted] cent-owned smelting group Pasminco, and a 64 per cent fall to A$20.4m in contribution from its 67 per cent subsidiary Comalco.

AFP Group rejects fresh offer for stake in ACM

By Mark Westfield

THE MONACO-based AFP Group has rejected an increased offer of 23 per cent for shares in its [redacted] per [redacted] associate, Australian Consolidated Minerals, from joint bidders Western Mining Corporation and the Normandy Poseidon Group.

AFP, whose acceptance is crucial to the success [redacted] the takeover offer, said the revised bid from 90 [redacted] a share to A$1.11 still undervalued ACM. [redacted] target company's shares have been valued by independent [redacted] Corporate Advisory Services at between A$1.26 and A$1.66 a share.

The increased offer values ACM at A$266m (US$208m).

WMC and Normandy Poseidon yesterday dropped an earlier 90 per cent acceptance condition, but kept the offer conditional [redacted] ACM continuing to own the Mt Keith nickel deposit [redacted] WMC [redacted] to develop if its bid succeeds.

ACM shareholders are due to meet on September 16 to approve a [redacted] joint [redacted] ture [redacted] and the [redacted] Outokumpu Metals and Resources group to develop [redacted] Keith. If the joint venture [redacted] approved by shareholders, WMC has [redacted] pull out [redacted] the takeover.

ACM shares closed 10 cents higher yesterday at A$1.08 in response to the increased bid.

Dao Heng Bank surges 54%

DAO [redacted] yesterday announced [redacted] profit [redacted] and [redacted] inner reserves surged 54 per cent in the year ended [redacted] 30, to [redacted] from HK$151m a year earlier, AP-DJ reports from Hong [redacted].

[redacted] medium Hong Kong bank, one [redacted] local institutions affected by depositor mini-run after the govern[redacted] decision in early July to place Bank of Credit & Commerce Hong Kong into temporary liquidation, [redacted] the performance [redacted] a [redacted] per cent growth in deposi[redacted] and [redacted] 31 per cent [redacted] in lending.

Dao Heng said [redacted] has [redacted] hurt in [redacted] current [redacted] year by [redacted] mini-run and by temporary uncertainties in the local banking.

It expressed confidence, however, in its long-term prospects.

Philippines to assume PAL debt

THE Philippine government will [redacted] the foreign debt stock [redacted] Philippine Airlines (PAL), amounting [redacted] US$519m. The move [redacted] the way for the flag-carrier's privatisation, AP-DJ reports from Manila.

PAL owes the 14-nation cred[redacted] around [redacted] and [redacted] commercial lenders another $118m, in addition [redacted] the Philippine [redacted] tral bank [redacted] government.

The Philippine government will [redacted] total [redacted] stock of PAL at the end of the [redacted].

Improved margins help lift Sasol by 55%

[redacted] refining margins [redacted] enhanced [redacted] formance of the [redacted] plant assisted Sasol, [redacted] synthetic fuel and chemicals company, to record significantly improved profits in [redacted] June 25, writes Philip [redacted] in Johannesburg.

Turnover [redacted] per [redacted] R7.56bn ($2.62bn) and operating [redacted] per [redacted] higher at R1.89bn. Despite [redacted] large increase in [redacted] bill, [redacted] big acquisition, attributable income [redacted] higher [redacted] R1.04bn.

Mr [redacted] Stegmann, chairman, said the company was "extremely pleased" with [redacted] performance and [redacted] looking forward [redacted] "very bright future".

[redacted] entering a [redacted] growth phase, [redacted] in capital expenditure under way and [redacted] further R2bn worth of projects being [redacted]. The projects will [redacted] further shift in [redacted] group's activities from synthetic [redacted] petrochemicals. In the past [redacted], synthetic fuels contributed [redacted] per [redacted] profits.

The [redacted] was [redacted] acquisition of the [redacted] Energy Fund's [redacted] stake [redacted] 3, [redacted] becomes wholly-owned. The total value of [redacted] R2.9bn, [redacted] for [redacted] leap in [redacted] group's interest-bearing [redacted] R2.17bn from R416.5m.

The two main reasons for the leap in profits [redacted] the [redacted] at Sasol [redacted] and much higher refining margins [redacted] and during the Gulf war, when petroleum product prices rose substantially more than crude oil prices.

Earnings per [redacted] rose [redacted] per [redacted] 184.7 [redacted] and the [redacted] was 20 per [redacted] higher at 71.5 [redacted].

INTERNATIONAL COMPANIES AND FINANCE

Generali and US insurer agree to co-operate

By Nikki Tait in [illegible] York and Haig Simonian in Milan

CONTINENTAL Corporation, a US property-casualty insurance [illegible] said yesterday it had [illegible] an agreement in principle with Generali, the large but secretive Italian insurer, on future co-operation [illegible] the [illegible] companies.

[illegible] will [illegible] and underwrite all North American [illegible] on Generali's multi-national [illegible]. The two [illegible] will also "provide mutual access in their world[illegible] facilities in support of multi-national activities" and "pursue joint marketing and production of multi-national risks".

Continental [illegible] that the companies would "continue to explore [illegible] areas of mutual interest throughout the world.

There [illegible] been much [illegible]lation that Generali, based in Trieste, might be limbering up for acquisitions, possibly in the US where it [illegible] only mod[illegible] representation, unlike many of its European competi[illegible]. The speculation [illegible]fied following the announce[illegible] of a record L1,750bn ($1.3bn) rights [illegible] in May.

Mr [illegible] Marchesani, president of Continental International, stressed the [illegible] represented a "straightforward commercial insurance opportunity", with no other "financial consequences".

He [illegible] that Continen[illegible] stood to [illegible] credibility through the link-up, and would benefit from [illegible] access in Latin [illegible] Europe.

In [illegible] premiums [illegible] $4.59bn, while [illegible] profits slipped [illegible] $141.1m, [illegible] $153.1m [illegible] previous [illegible].

Generali [illegible] been [illegible] of giving any [illegible] of how the funds from its rights issue, due to be launched on the Milan bourse shortly, will be [illegible].

Mr Eugenio Coppola di Canzano, Generali's chairman, said the funds would used for expansion, particularly in life insurance. However, the company has also hinted at acquisitions.

Christiania criticised over reporting of credit losses

By Karen Fossli in Oslo

THE OSLO Stock Exchange has strongly [illegible] the former management of Christiania Bank, Norway's second biggest bank, for failing to accurately report credit losses.

The bourse's investigation started about three weeks [illegible] shortly after Christiania announced [illegible] net [illegible] of NKr1.637bn [illegible] and the resignation of Mr Sverre Walter Rostoft, the bank's former president.

Mr Kjell Froensdal, a [illegible] official who led the probe, said the former management of the bank [illegible] ignored advice from internal [illegible] auditors on reporting of [illegible].

Mr Froensdal said the bank's credit losses may not have been reported at the appropri[illegible] time; this would have given an inaccurate picture of its financial [illegible] in the 18 [illegible] to June 1991.

"While the bank's previous leaders ignored advice . . . this [illegible] a demonstration of [illegible] judgment, but not of a calibre [illegible] a deliberate infraction of the share law," Mr Froensdal [illegible].

Mr [illegible] policy prejudiced the [illegible] who have a right to know the bank's true financial position.

Mr Borger Lenth, Christiania's new president, [illegible] he agreed with the bourse's findings, but said that it was the bank's new board chairman who earlier suggested possible financial reporting irregularities.

"The earlier management was not realistic [illegible] tion of losses and this was despite the warnings and advice [illegible] in charge of accounts," Mr Lenth said.

The [illegible] said that Christiania's accounts reporting would be monitored, but dis[illegible] further investigations into possible violation by the bank of reporting of stock sensitive information, which [illegible] have led to insider trading.

"The case [illegible] closed . . . and the bank can get on with [illegible] task of securing the right footsteps toward the future," Mr Lenth [illegible].

Computer Associates to buy Pansophic

By Louise Kehoe in San Francisco

COMPUTER [illegible] agreed to buy Pansophic Systems for about [illegible], in its latest [illegible] to achieve dominance [illegible] the computer [illegible]ware market.

Pansophic's shares rose sharply on news of the [illegible]ment, [illegible] a Friday close [illegible] $11¼ to trade at [illegible] yesterday. Computer Associates has agreed to pay $16.15 [illegible] share for [illegible] of Pansophic's 17.5m shares.

Pansophic [illegible] a leader in the field of mainframe information retrieval software. Based in Lisle, Illinois, it had 1990 [illegible]nues of [illegible] and net income of $20.6m. In the first quarter, [illegible] July 31, the company reported [illegible] $9.9m on [illegible]enues of $44m, after an [illegible] restructuring charge. It closed [illegible] sales [illegible] and [illegible] 300 employees.

Computer Associates, with [illegible] only [illegible] computer software industry. While Microsoft [illegible] exclusively on the [illegible] computer sector, Computer [illegible] software [illegible] computer [illegible] from mainframes [illegible] personal computers.

Over the past five [illegible] the company [illegible] acquired several [illegible] software companies. [illegible] month, it launched a cash ten[illegible] purchase [illegible] International, for nearly [illegible].

Computer [illegible] and Pansophic [illegible] they had [illegible] an agreement in principle for Computer [illegible] to acquire all of Pansophic's outstanding shares.

Norway to review proposed merger of food companies

A MERGER between Nora Industrier and Orkla Borregaard, [illegible] Norwegian food and drinks companies, is [illegible] delayed [illegible] three [illegible] the government has [illegible]pleted an anti-monopoly investigation, writes Karen Fossli.

The [illegible] which [illegible] announced in mid-June, would [illegible] Norway's third biggest company [illegible] an annual [illegible] of NKr15.5bn ($2.27bn).

The investigation will be undertaken by the government's Price Directorate, which [illegible] Council. The council can block [illegible] that it [illegible] would hinder competition.

However, it is widely [illegible]ted [illegible] Directorate will [illegible] go forward, [illegible] condition [illegible] the [illegible] companies reorganise [illegible] of their business.

The new company is [illegible] on [illegible] goods, with the main emphasis [illegible] and drinks, [illegible] it will [illegible] in chemicals [illegible].

The [illegible] has wide political backing mainly because [illegible] that foreign companies might acquire control [illegible] of the [illegible] individual companies after 1993, when a free [illegible] agreement [illegible] implemented [illegible] Efta [illegible] European Community. Norway is a member of Efta.

The merger has recently [illegible] overshadowed by an investigation by the [illegible] Stock Exchange into alleged [illegible] by [illegible] board executives [illegible] formal [illegible] merger announcement.

America West hearing delayed

A [illegible] bankruptcy court yesterday delayed until today a hearing [illegible] a proposed $155m financing package for America West, the ailing Phoenix-based airline, [illegible] Nikki Tait.

The package includes [illegible] debtor-in-possession financing – interim loans provided to companies in bankruptcy, [illegible] lender ranking [illegible] the [illegible] creditors' [illegible] – from Britain's [illegible] Group and [illegible] $20m from Northwest Airlines.

[illegible] Corp, [illegible] West Germany, [illegible] parent company had [illegible] its [illegible] in Advanced Micro [illegible] for about $100m, or $12.25 a share, Reuter reports.

[illegible] group [illegible] week it [illegible] sold [illegible] per [illegible] through Goldman Sachs, [illegible] it did [illegible] give a price.

Statoil agrees to acquire 35% stake in Mabanaft

STATOIL, the Norwegian [illegible] oil [illegible] said that it had signed a letter of intent to acquire a 35 per cent stake in Mabanaft, a subsidiary of Germany's Marquard [illegible], writes Karen Fossli. Mabanaft has annual sales of 260,000 tonnes of crude [illegible] products, mostly [illegible]line and gas oil, and in [illegible] achieved a turnover of $100m.

The deal is [illegible] to be finalised in [illegible]. Statoil did not [illegible] purchase price.

Statoil, the [illegible] largest net exporter [illegible] light crude oil [illegible] OPEC, [illegible] evaluating other possible acquisitions and co-operative deals to strengthen its foothold in the British [illegible] for [illegible] oil products.

Statoil said the acquisition had grown out of previous co-operation between the two companies. In the past couple of years, Statoil has supplied Mabanaft [illegible] tonnes of gasoline [illegible] oil.

● [illegible] Shipping, a listed company with interests in shipping and oil drilling rigs, has given [illegible] & [illegible] a US-based drilling rig owner, an option to buy its 42.6 per cent [illegible] in [illegible] Drilling for NKr583.9m [illegible].

Last month, Arcade Shipping rejected an [illegible] Reading & Bates to acquire Arcade Drilling.

Continental Airlines and Perot in talks

By Nikki Tait

CONTINENTAL Airlines, the US [illegible] which has operated under bankruptcy court pro[illegible] since last December, yesterday confirmed it had [illegible] "very preliminary" talks with an investor group headed by Mr H. Ross Perot.

Mr Perot runs the privately-owned Perot Group, which developed the Alliance Airport, a cargo and industrial facility in Texas.

A [illegible] for Continental sought to downplay the significance of the talks, describing them as no more than "tire-kicking". He also suggested that [illegible] with potential [illegible] or [illegible] not been confined to the Perot grouping, and that "various discussions" [illegible] continuing.

Much speculation has surrounded [illegible]nental, formerly run by Mr Frank Lorenzo. The carrier, the fifth [illegible] in the US, is heavily-indebted and – as with nearly all airlines – made large operating [illegible] last year as the Gulf conflict unfolded.

In 1990, it [illegible] a $2.3bn [illegible] and, while a large part of this sum reflected write-offs [illegible] carrier, Eastern Airlines, the bottom-line figure did contain a [illegible] operating deficit.

Aside from the Perot initiative, there has been talk in the past that [illegible] carriers, such as Northwest Airlines and USAir, might be interested in a [illegible].

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CONTRACTS & TENDERS

HONG KONG GOVERNMENT
CIVIL ENGINEERING SERVICES DEPARTMENT

Demolition of Kowloon Walled City
P. W. Programme Number 1016 CA

NOTICE OF PREQUALIFICATION OF TENDERERS

1. It is proposed that tenders will [illegible] invited in April [illegible] from prequalified contractors for the demolition [illegible] buildings [illegible] structures in that area of Kowloon, Hong Kong known as the [illegible] Walled City.

2. The existing Kowloon Walled City occupies an area [illegible] approximately [illegible] hectares with buildings and [illegible] varying from single [illegible] fourteen storeys. The project will comprise [illegible] demolition of all buildings [illegible] structures [illegible] Walled City with the exception of the "Yamen" buildings which [illegible] located [illegible] centre of the Walled city, [illegible] the removal [illegible] building debris arising therefrom.

3. Contractors with proven experience in large [illegible] demolition projects are invited to apply for prequalification documents [illegible] :-

Chief Engineer/Development & Airport,
Civil Engineering [illegible] Department,
7th Floor, Empire Centre, 68 Mody Road,
Tsim [illegible] Tsui East, Kowloon, Hong Kong.

TELEPHONE : (852)369 2358 FAX : (852) 311 [illegible]

Completed prequalification submissions shall [illegible] submitted as [illegible] not later than 12:00 noon on 1 November 1991 (Friday).

4. Joint ventures with other firms will [illegible] considered.

5. Government reserves the right [illegible] reject any Contractor's application at [illegible] discretion and without explanation.

(A.W. Malone)
Director [illegible] Engineering Services

COMPANY NOTICES

THE SCOTTISH AGRICULTURAL SECURITIES CORPORATION p.l.c.

[illegible]% Debenture Stock [illegible]

Notice is hereby given that the Register of the Corporation's above mentioned Debenture Stock will be CLOSED for TRANSFER and REGISTRATION from 16th to 30th September 1991.

By order of the Board
Nigel H. Richardson, [illegible]
18 Rutland Square,
Edinburgh, [illegible]
2nd September 1991.

LEGAL NOTICES

NOTICE OF APPOINTMENT OF ADMINISTRATIVE RECEIVER
HARLEY STREET SPORTS CLINIC LIMITED
Registration number: [illegible]
Nature of Business: PROPERTY MANAGEMENT
Trade Classification: 26.
Date of Appointment of administrative receivers: [illegible] AUGUST 1991.
Name of person appointing the administrative receiver(s): ROYAL TRUST BANK.
Administrative Receivers: Peter R. Dunn FCA, [illegible] David A.T. Wood FCA [illegible] London W1[illegible]
Office Holder Numbers [illegible]

MEETING OF CREDITORS
Pursuant to Sections 98, 99, 100 and 101 of the Insolvency Act 1986
GRAPEVINE PUBLISHING (LONDON) LIMITED

NOTICE IS HEREBY GIVEN pursuant to Section 98 of The Insolvency Act 1986, that a meeting of the creditors of the above-named Company will be held at The Palace Hotel, 21 Great Cumberland Place, Marble Arch, London W1, on 18th September 1991 at 12.00 noon for the purposes provided for in Section 99 et seq.

A list of names and addresses of the above Company's Creditors can be inspected at the offices of [illegible], 43 [illegible] Street, London [illegible] between the hours of 10.00 am and 4.00 pm on the two business days preceding the Meeting of Creditors.

Dated this 28th August 1991
A. [illegible], Director

LEGAL NOTICES

DE LA MER LIMITED

NOTICE IS HEREBY GIVEN, pursuant to section [illegible] of the Insolvency Act 1986, that a meeting of the unsecured creditors of the above named company will be held at the [illegible] Hotel, [illegible] Street, Leeds at 2.30pm on 16 September 1991, for the purpose of having laid before it a copy of the report prepared by the Joint Administrators under section 23 of the said Act. The meeting may, if it thinks fit, establish a committee to exercise the functions conferred on creditors' committees by or under the Act.

Creditors whose claims are wholly secured are not entitled to attend or be represented at the meeting. Other creditors are only entitled to vote if:

(a) they have delivered to the address shown below, no later than 1200 hours on 13 September 1991, written details of the debts they claim to be due to them from the company, and the claim has been duly admitted under the provisions of Rule 2.22 of the Insolvency Rules 1986; and

(b) there has been lodged at the address below any proxy which the creditor intends to be used on his behalf.

Signed Joint Administrators
Albion Court
[illegible] Place
Leeds
LS1 6JP

Name(s) of signatory(ies) in block capitals: M J MOORE AND D J WATERHOUSE
Date of 30 August 1991
NOTE: Creditors may obtain a copy of the report, free of charge, on application to the Joint Administrators at the address shown above.

FIRST OVERSEAS INVESTMENT SERVICES LIMITED
NOTICE OF FIRST MEETING OF CREDITORS
Company Number 1678526
Registered in England and Wales

NOTICE IS HEREBY GIVEN, pursuant to section [illegible] of the Insolvency Act 1986, that a MEETING of the CREDITORS of the above named Company will be held at the SOFITEL HOTEL, BESSENVELD STREET 15, 1831 DIEGEM, BRUSSELS, Belgium on Thursday 19th September 1991 at 3 p.m. for the purposes mentioned in sections 99 [illegible] Act viz:

(a) to have laid before it a [illegible] of the affairs of the Company
(b) to nominate one or more insolvency practitioners as liquidator or liquidators;
(c) if thought fit, to establish a liquidation committee.

A list of the names [illegible] of the Company's creditors may be inspected free of charge at the offices of [illegible], 7th Floor, Yorkshire House, East Parade, Leeds LS1 5SD between 10 a.m. and 3 p.m. on Monday and Tuesday [illegible] and 17th September.

Dated this 27th day of August 1991
By Order of the Board
Director
C W A N GROSKAMP

VALE DESIGN AND CONSTRUCT LIMITED

Registered number: 1821735
Nature of business: Construction
Trade classification: Construction
Date of appointment of joint administrative receivers: 20 August 1991
Name of person appointing the joint administrative receivers: [illegible] Bank Plc
JOSEPH PATRICK [illegible] and [illegible] Anthony Smart
Joint Administrative Receivers
(Office holder nos 058 and 288)
Cork Gully
Churchill House
Churchill Way
Cardiff CF1 4XQ

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INTERNATIONAL CAPITAL MARKETS

Purchasing data reverse Treasuries' strong start

By Patrick Harverson in New York and Sara Webb in London

AFTER A firm opening, US bond prices at the long end of [illegible] market [illegible] yesterday morning on news of a stronger-than-expected national purchasing managers' report.

GOVERNMENT BONDS

By midday, the benchmark 30-year bond was down just ⅛ at 100⅝, yielding 8.058 per cent. The two-year [illegible] also little changed, up ⅛ [illegible] 100⅛, yielding 6.324 per cent.

Prices started firm on hopes of lower interest rates, but the trigger for a mid-morning sell off [illegible] a sharp rise in the National Association of Purchasing Managers' index for August. It [illegible] the seventh consecutive monthly rise in the index, and the third straight month [illegible] has registed above 50 per [illegible], an indication that the economy is expanding.

Yesterday's data [illegible] further [illegible] over the likelihood of another interest rate cut by the Federal Reserve.

■ GERMAN government bonds [illegible]sed slightly lower on profit-taking and the [illegible] Treasury bond market's [illegible] yesterday.

While the German [illegible] market opened strongly, early gains were wiped [illegible] investors took profits. The Liffe bund futures contract which closed [illegible] 85.15 [illegible] Monday, reached a high of [illegible] during the day, but fell back [illegible] by late afternoon.

News that the Bundesbank is amending [illegible] money market operations by using a three-tranche tender for securities repurchase funds was greeted by traders who said it would help [illegible] fluctuations in call [illegible] rates.

Elsewhere, the French government raised a total of Ecu 442m at an auction of Obligations Assimilables du Tresor (OATs). The bonds have a coupon of [illegible] per cent and are due in 2002. Bids amounted to Ecu 2.405bn and the lowest accepted price was [illegible] with an average yield of 9.01 per cent.

■ UK government bonds opened strongly, gaining up [illegible] half a point on optimism [illegible] the UK [illegible] and sterling's strength in the foreign exchange market. However, gilts fell back later in the day following the US Treasury bond market, to close about a quarter point higher [illegible] the day. The benchmark 11¾ per cent gilt due [illegible] opened at 112⅞ and traded [illegible] 112⅞ by late afternoon down from its high of more than 113.

■ JAPANESE government bonds traded in a narrow [illegible] closed almost unchanged on [illegible] day.

The yield on the benchmark No 129 [illegible] opened at 6.29 per cent and closed at 6.295 per cent, trading in a range of 6.275-6.315 per cent.

Short-term money market [illegible] slightly with the unsecured overnight call [illegible] rate slipping to 7⅞ per cent from recent levels of 7⅞.

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	[illegible]	[illegible]	Yield	[illegible] ago	Month ago
AUSTRALIA		[illegible]	11/01	[illegible]	[illegible]	10.74	10.66	10.95
[illegible]		[illegible]	06/01	[illegible]	+0.150	9.32	9.33	[illegible]
CANADA *		[illegible]	[illegible]	100.6500	+0.078	9.64	9.74	9.80
[illegible]		[illegible]	11/00	98.6250	+0.150	9.22	9.31	9.41
[illegible]	BTAN	[illegible]	[illegible]	97.4827	[illegible]	9.11	[illegible]	9.30
	OAT	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	9.03	9.15
GERMANY		[illegible]	[illegible]	102.2400	+0.040	8.41	[illegible]	8.57
ITALY		12.500	03/01	[illegible]	+0.020	13.31	13.38	13.43
JAPAN	No 119	4.800	06/99	[illegible]	+0.096	6.59	6.79	6.82
	No 129	[illegible]	03/00	[illegible]	[illegible]	[illegible]	6.45	6.55
NETHERLANDS		8.500	03/01	98.4400	+0.080	8.74	8.82	8.88
SPAIN		11.900	07/98	100.9500	-0.025	11.59	11.77	12.11
[illegible] GILTS		10.000	[illegible]	[illegible]	[illegible]	[illegible]	10.01	10.14
		10.000	02/01	101-03	+09/32	9.82	9.99	10.03
		9.000	10/08	94-27	+09/32	9.62	9.76	9.81
[illegible] *		7.875	08/01	100-12	+00/32	7.82	7.90	6.07
		8.125	08/21	100-21	-06/32	8.07	8.14	8.27

[illegible] closing. [illegible] New York [illegible] Local market [illegible]
Prices: [illegible] UK in [illegible] in [illegible] [illegible] Data/ATLAS Price Sources

Thailand approves watchdog

THAILAND has approved a Finance Ministry proposal [illegible] a regulatory [illegible] for [illegible] growing securities industry, Reuter reports from Bangkok.

A cabinet spokeswoman said [illegible] proposal was part of a Securities Investment Board (SIB) bill that [illegible] government planned [illegible] push through par[illegible] this year. She said [illegible] [illegible] the US Secu[illegible] and [illegible]ange Commis[illegible] (SEC), would be charged with protecting [illegible] stock investors on the Stock Exchange [illegible] Thailand (SET).

Finance Ministry and central [illegible] officials [illegible] in [illegible]ing the bill have [illegible] it [illegible] designed [illegible] up government efforts [illegible] fight insider trading and increase surveil[illegible] of stock manipulation.

They [illegible] the wide-ranging bill introduces a regulatory framework for corporate [illegible]overs and lays down [illegible] of over-the-counter (OTC) and financial futures markets.

The [illegible] bill [illegible] provides [illegible] the launch of an equity [illegible] and options [illegible] in Bangkok in [illegible] years [illegible] covering the issuing [illegible] equity [illegible] instruments by pri[illegible] companies. Senior SET [illegible] said a [illegible] futures market is likely [illegible] trading [illegible] index [illegible].

A [illegible] official said that the bill imposes criminal penalties for both executives leaking [illegible] corporate information and stock investors benefiting from it. He said corporate raiders would be required [illegible] report to the authorities their acquisition [illegible] than a 5 [illegible] in a listed company.

● SOUTH KOREA [illegible] finalised guidelines [illegible] opening of its [illegible] to direct foreign investment.

The system, [illegible] in January, includes several [illegible] foreign ownership of local stocks. Foreign [illegible] of a single [illegible] will [illegible] limited to 10 [illegible] for [illegible] companies.

FT/AIBD INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary [illegible] — Latest prices at 6.10 pm on September 3

U.S. DOLLAR STRAIGHTS	[illegible]	[illegible]	Offer	Chg. day	[illegible]
ABBEY NATIONAL 8 [illegible]	[illegible]	102½	103		7.04
ALBERTA PROVINCE 9 3/8 95	600	[illegible]	105⅜		7.76
AUSTRIA 8 1/2 00	400	100[illegible]	101	-⅛	[illegible]
BANK OF TOKYO 8 3/8 96	[illegible]	100⅞	101⅛	-⅛	8.22
BELGIUM 9 5/8 98	250	106⅛	106⅝	-⅛	8.36
BFCE 7 3/4 97	150	99⅝	100⅛	+⅛	7.82
BNP 8 5/8 94	300	103⅛	103⅝		7.34
BP CAPITAL 9 3/8 93	[illegible]	[illegible]	103⅛	-⅛	7.38
CANADA 9 96	[illegible]	[illegible]	105⅛		7.59
CARCO 9 1/4 96	[illegible]	[illegible]	100⅛	-1⅛	9.28
CCCE 9 1/4 95	300	105	105⅛	-⅛	7.54
COUNCIL EUROPE 8 96	100	100⅛	100⅝	-⅛	7.93
CREDIT FONCIER 9 1/2 99	300	106⅛	[illegible]		8.33
DENMARK 0 98	[illegible]	57⅛	58		[illegible]
DENMARK 8 1/4 94	[illegible]	102⅝	103	-⅛	7.23
ECSC 8 1/4 96	[illegible]	102	102⅝		[illegible]
EEC 7 1/4 93	250	100⅝	101⅛		[illegible]
EIB 7 3/4 96	250	100⅝	101⅛	-⅛	[illegible]
EIB 9 1/4 97	1000	105⅝	[illegible]	-⅛	[illegible]
ELEC DE FRANCE 9 98	200	104⅛	[illegible]	+⅛	[illegible]
EUROFIMA 9 1/4 96	100	103⅛	103⅝	-1⅛	[illegible]
EXPORT DEV CORP 9 1/2 98	150	106⅛	[illegible]		[illegible]
FINLAND 7 7/8 97	200	98⅛	98⅝	-1	8.30
FINNISH EXPORT 9 3/8 95	200	104⅛	104⅝	-1	8.08
FORD MOTOR CREDIT 9 1/2 93	[illegible]	102⅛	102⅝	-1⅛	[illegible]
GEN ELEC CAPITAL 9 3/8 96	[illegible]	104⅛	104⅝	-1⅛	[illegible]
GMAC 9 1/8 96	[illegible]	102⅝	103⅛	+⅛	[illegible]
HALIFAX 9 1/2 93	[illegible]	103⅝	[illegible]	-⅛	[illegible]
IBM WORLD TRADE 7 5/8 93	[illegible]	101	[illegible]	+⅛	[illegible]
IND BK JAPAN FIN 7 7/8 97	200	[illegible]	[illegible]	-⅛	8.32
INTER AMER DEV 7 5/8 96	200	[illegible]	[illegible]	-⅛	7.87
ITALY 8 1/2 94	1500	103⅛	103⅝	-⅛	7.29
JAPAN DEV BK 8 94	150	102	102⅝		7.14
KANSAI ELEC PWR 10 96	[illegible]	[illegible]	107⅝	-⅛	[illegible]
LTCB 8 5/8 93	150	101⅞	102⅛	-⅛	7.31
NEW ZEALAND 8 93	100	101⅛	101⅝		7.13
NIPPON CRED BK 9 3/4 93	150	104	104½	-⅛	7.61
NIPPON TEL & TEL 9 3/8 95	200	104½	105	-1⅛	[illegible]
NORDIC INV BANK 9 93	200	103½	103⅞	+⅛	[illegible]
ONTARIO HYDRO 11 5/8 94	200	109⅛	109⅝	+⅛	[illegible]
OSTER KONTROLLBANK 8 1/8 93	200	101⅞	102⅛		6.76
PETRO-CANADA 7 1/4 96	200	98⅛	98⅝	+⅛	7.73
PRUDENTIAL RLTY SECS 0 99	365 216	[illegible]	53⅛		8.93
QUEBEC HYDRO 9 3/4 98	150	105⅞	106⅛		8.60
QUEBEC PROV 9 98	200	102⅛	102⅝	+⅛	8.55
SAINSBURY 9 1/8 96	150	103⅞	104⅛	+⅛	[illegible]
SAS 10 99	200	102⅛	102⅝		[illegible]
SBAB 9 1/2 95	500	104⅛	104½	-1⅛	[illegible]
STATE BK STH AUST 9 1/4 93	100	[illegible]	102⅝	-⅛	7.57
SUMITOMO BK CAP MKT 9 3/8 93	150	103½	104	-⅛	7.57
SWEDEN 8 1/8 94	150	100⅞	101⅛	-1⅛	7.75
SWEDISH EXPORT 9 5/8 93	100	103⅝	104		6.91
TOKYO METROPOLIS 8 1/4 96	200	101⅛	101⅝	-⅛	7.97
WORLD BANK 8 3/8 99	1500	101⅝	101⅞	-⅛	8.26
WORLD BANK 8 3/4 97	[illegible]	104⅛	104½	-⅛	7.91
XEROX CORPN 8 3/8 96	100	97⅞	99⅛	-⅛	8.91
DEUTSCHE MARK STRAIGHTS					
BAPROVEN 11 1/8 95	200	100	100	-1½	11.11
BULGARIAN TRADE BK 8 1/2 96	200	87	87	+2⅛	12.18
DEUTSCHE BK FIN 5 5/8 96	750	88½	88½		8.68
DEUTSCHE FINANCE 7 1/2 95	1000	97	97	+⅛	8.53
EIB 5 3/4 98	400	86⅛	86⅛		[illegible]
EIB 6 7/8 95	300	93⅛	93⅛	+⅛	[illegible]
EUROFIMA 6 1/4 98	400	87⅞	[illegible]		8.68
FERRO DEL STAT 5 3/8 93	[illegible]	95⅛	95⅛		9.08
FIRST INTERSTATE 5 3/4 96	[illegible]	83	83		10.52
IND BK JAPAN FIN 5 5/8 96	200	87½	[illegible]		9.02
IND DEV BK INDIA 6 3/8 94	200	86⅛	[illegible]	-⅛	11.60
LUFTHANSA INT FIN 5 7/8 98	500	85⅛	85⅛	-⅛	8.93
NAT BK HUNGARY 8 96	200	90⅞	[illegible]	+1	10.35
QUEBEC HYDRO 6 3/4 99	300	88⅞	[illegible]		8.91
SWEDEN 6 1/8 98	[illegible]	88	88		[illegible]
VENEZUELA 8 1/4 93	[illegible]	95½	95½	-⅛	[illegible]
WORLD BANK 0 15	2000	[illegible]	[illegible]		7.80
WORLD BANK 5 3/4 96	300	89⅛	89⅛	+⅛	[illegible]
WORLD BANK 7 1/8 95	500	95½	95½	+⅛	[illegible]
SWISS FRANC STRAIGHTS					
ASIAN DEV BANK 6 10	100	89	90		7.06
AUSTRIA 4 5/8 98	100	88½	89½		6.89
CHUJITSUYA 7 3/4 95	50	101[illegible]		+1½	7.30
COUNCIL EUROPE 4 3/4 98	250	[illegible]	[illegible]	-½	7.02
EEC 5 1/2 00	100	[illegible]			7.00
EIB 5 3/4 93	[illegible]	98			[illegible]
ELEC DE FRANCE 7 1/4 06	[illegible]	102½	103	+½	[illegible]
FINLAND 5 3/8 95	150	[illegible]	96⅛	-⅛	[illegible]
GENERAL MOTORS 7 1/2 95	100	100	[illegible]		7.48
JAPAN DEV BK 5 1/2 94	100	95⅛	96	-⅛	7.45
KOBE 6 3/8 01	240	97½	98		6.73
NEW ZEALAND 4 7/8 99	200	87	88		7.19
QUEBEC HYDRO 5 08	100	[illegible]		+⅛	7.56
WORLD BANK 5 03	150	84	[illegible]	-⅛	[illegible]
WORLD BANK 7 01	600	102	102⅛		[illegible]
YEN STRAIGHTS					
AUSTRIA 4 3/4 94	30000	96	96½		6.61
CREDIT FONCIER 5 1/4 94	20000	95⅛	96⅛	+⅛	6.71
DENMARK 7 95	40000	101⅝	101⅞		[illegible]
EIB 4 5/8 94	40000	95½	95⅞	+⅛	6.50
FINLAND 6 3/4 96	50000	100⅞	101⅛	+⅛	6.51
GENERAL ELECTRIC 5 3/4 93	35000	98⅛	98⅝		7.01
INTER AMER DEV 7 1/4 00	30000	104⅛	105	+⅛	6.51
KANSAI ELEC PWR 4 5/8 94	60000	95⅛	[illegible]		6.62
NIPPON TEL & TEL 5 7/8 96	50000	97⅝	97½	+⅛	6.50
NORWAY 5 1/8 95	50000	95⅝	95⅞		6.52
SNCF 6 3/4 00	30000	101½	101⅞		6.51
SWEDEN 5 5/8 95	20000	96⅞	97⅛		6.52
WORLD BANK 6 3/4 00	50000	101⅝	102⅛		[illegible]

OTHER STRAIGHTS	Issued	[illegible]	Offer	Chg. day	[illegible]
BAYERISCHE [illegible] INT 7 94 LFr	[illegible]	94	95		9.46
[illegible]	1000	95⅝	96⅛		[illegible]
WORLD BANK [illegible] LFr	1000	[illegible]	97½		9.14
UNILEVER 9 [illegible]	500	[illegible]	102½		[illegible]
[illegible] 8 93 CS	300	99⅛	100⅛		9.73
BELL CANADA 10 5/8 99 CS	150	100⅝	100⅞	-⅛	10.54
BRITISH COLUMBIA 7 1/4 93 CS	150	99½	100	-⅛	9.54
ELEC DE FRANCE [illegible] 99 CS	[illegible]	97⅞	98⅛	+⅛	10.20
GENERAL ELECT CAP 10 1/4 93 CS	[illegible]	101⅛	101⅝	+⅛	9.54
ONTARIO HYDRO 10 7/8 99 CS	500	102⅛	[illegible]	+⅛	10.43
OSTER KONTROLLBANK 10 1/4 99 CS	150	100½	101		10.15
QUEBEC PROV 10 1/2 98 CS	200	100⅛	100⅝	+⅛	10.43
SWEDEN 9 3/4 93 CS	250	100½	101	-⅛	9.35
BELGIUM 9 1/8 96 Ecu	1250	100⅛	100⅝		[illegible]
CNT 7 3/8 93 Ecu	250	95⅞	96⅛	-⅛	[illegible]
CREDIT LYONNAIS 9 96 Ecu	125	96⅛	98⅛	-1⅛	[illegible]
[illegible] 7 5/8 [illegible]	[illegible]	[illegible]	[illegible]	-⅛	[illegible]
EEC 7 5/8 94 Ecu	200	[illegible]	[illegible]		[illegible]
EIB 10 97 Ecu	1125	104⅛	[illegible]		[illegible]
ITALY 10 3/4 00 Ecu	1000	109⅛	109⅝		9.16
UNITED KINGDOM 9 1/8 01 Ecu	[illegible]	[illegible]	100⅛		9.01
[illegible]CA 12 1/4 96 AS	100	[illegible]	[illegible]	+⅛	11.24
[illegible] AUSTRALIA 13 3/4 99 AS	100	109⅛	110		11.65
COUNCIL EUROPE 13 93 AS	50	101⅞	101⅜	-⅛	11.99
EKSPORTFINANS 12 3/8 95 AS	[illegible]	103⅞	104⅛	+⅛	11.06
FORD CRED AUST 13 93 AS	[illegible]	100	100⅛	-⅛	[illegible]
MCDONALDS CANADA 15 95 AS	[illegible]	[illegible]	109⅝	+⅛	[illegible]
NAT AUSTRALIA BANK 14 3/4 94 AS	150	[illegible]	107⅛	+⅛	11.52
STATE BK NSW 14 1/4 99 AS	100	110⅛	[illegible]	+⅛	12.13
VOLKSWAGEN INTL 15 94 AS	[illegible]	107⅛	[illegible]	+⅛	11.62
ABBEY NATL TREAS 13 3/8 95 £	100	107⅛	107⅝		10.75
BARCLAYS JERSEY 9 1/2 93 £	250	98⅛	98½		10.76
BRITISH GAS 12 3/4 95 £	300	[illegible]	106⅛		10[illegible]
DEUTSCHE BK FIN 11 94 £	225	[illegible]	101⅛	+⅛	10[illegible]
EIB 10 97 £	386.5	98⅛	99	+⅛	[illegible]
FORD CREDIT FUNDING 9 5/8 93 £	50	97	97⅛	-⅛	[illegible]
INTER AMER DEV 11 3/8 95 £	[illegible]	103⅛	103⅝	+⅛	[illegible]
ITALY 10 1/2 14 £	400	98	[illegible]	+⅛	[illegible]
LAND SECS 9 1/2 07 £	200	[illegible]	[illegible]		[illegible]
LEEDS PERMANENT 9 1/4 93 £	50	97⅞	97⅞	+⅛	10.93
NORWAY 10 1/2 94 £	200	100⅛	100⅝	+⅛	10.26
ROLLS-ROYCE 9 5/8 93 £	150	97½	97⅞	+⅛	11.17
SAINSBURY 10 7/8 93 £	100	100	[illegible]	+⅛	10.77
SKANDINAVISKA ENSK 13 1/8 95 £	100	[illegible]	[illegible]	+⅛	11.03
WORLD BANK 11 1/4 95 £	100	[illegible]	[illegible]		10.36
ABBEY NATIONAL 0 96 NZS	100	59⅛	[illegible]	-⅛	10.79
TELECOM NZ O/S FIN 13 1/8 93 NZS	[illegible]	105½	106⅛	+⅛	10.01
AIDC 7 7/8 93 FFr		97⅛	97⅝		[illegible]
CREDIT LYONNAIS 10 95 FFr	3200	101⅞	101⅞		[illegible]
EURATOM 7 5/8 98 FFr	500	92⅛	93⅛		9.12

FLOATING RATE NOTES	Issued	Bid	[illegible]	[illegible]
ALBERTA PROVINCE 1/32 93	500	100.15	100.25	6.5156
ALLIANCE & LEICS 0.08 94 £	300	99.49	99.59	11.2050
BANCO ROMA 0.03 01	[illegible]	[illegible]	[illegible]	[illegible]
BANCO SANTO SPIRITO 93	200	[illegible]	[illegible]	[illegible]
BELGIUM 1/16 97 DM	500	[illegible]	[illegible]	[illegible]5000
BFCE -0.02 96	350	100.01	100.11	6.1050
BNP 05	300	[illegible]	96.88	6.3125
BRITANNIA 1/10 96 £	150	[illegible]	99.28	11.2250
CCCE 06 ECU	[illegible]	[illegible]	100.05	[illegible]
CITIZENS FED 0.15 96	[illegible]	[illegible]	99.85	7.0250
COMMERZBK O/S FIN 93	200	[illegible]	100.08	5.8750
DENMARK -1/8 96	1000	[illegible]	[illegible]	[illegible]
DRESDNER FINANCE 1/32 98 DM	1000	[illegible]	[illegible]	[illegible]
ELEC DE FRANCE 1/8 99	400	100.50	100.75	[illegible]
FERRO DEL STAT 94	200	[illegible]	100.70	[illegible]
HALIFAX 1/10 94 £	200	[illegible]	[illegible]	[illegible]
ITALY 00	[illegible]	[illegible]	[illegible]	[illegible]
MITSUI FIN ASIA 1/8 96	[illegible]	[illegible]	[illegible]	[illegible]
MORGAN (JP) 1/4 97	250	[illegible]	[illegible]	[illegible]
NAT WEST FIN 3/16 05	400	[illegible]	92.38	6.5000
NEW ZEALAND 93	500	[illegible]	99.90	5.7500
QUEBEC PROV 01	300	96.40	[illegible]	6.1250
RENFE 98	500	99.90	[illegible]	6.0625
SOCIETE GENERALE 96	300	99.22	[illegible]	[illegible]
STATE BK VICTORIA 0.05 99	125	98.60	[illegible]	[illegible]
UNITED KINGDOM -1/8 96	4000	99.99	100.02	[illegible]

CONVERTIBLE BONDS	Issued	Conv. [illegible]	Bid	Offer	Prem.
ARGYLL GROUP 4 1/2 02 £	60	[illegible]	116⅛	117⅛	+9.12
ASDA-MFI 4 3/4 02 £	100	[illegible]	118⅞	119⅞	[illegible]
BURTON GROUP 4 3/4 01 £	110	[illegible]	122	123⅛	[illegible]
EASTMAN KODAK 6 3/8 01	300	[illegible]	99	100	+16.32
GOLD KALGOORLIE 7 1/2 00	65	[illegible]	67⅞	68⅞	+47.28
GOODYEAR TIRE 6 7/8 03	150	[illegible]	79½	80½	+66.79
GRACE (WR) 6 1/4 02	150	42⅛	100⅝	101⅝	+9.39
HANSON 9 1/2 06 £	500	2.5875	99½	[illegible]	+16.50
HAWLEY 6 02 PREF	400	19.1	80½	84½	[illegible]
HILLSDOWN 4 1/2 02 £	150	4.16	113⅛	114⅛	+98.39
INTL PAPER 5 3/4 02	200	68⅛	106⅛	107⅛	+4.53
LAND SECS 6 3/4 02 £	84	6.72	[illegible]	87⅛	+10.93
MITSUBISHI BK 1 3/4 02	300	2727.1	[illegible]	111	+0.32
[illegible]EN 6 02	85	39.077	70⅛	71⅛	+36.77
[illegible]FIC DUNLOP 6 3/4 97	75	3.749	106⅛	107⅛	+0.63
TEXAS INSTRUMENTS 2 3/4 02	300	[illegible]	84⅛	85⅛	[illegible]
THORN EMI 5 3/4 04 £	103	[illegible]	119	120	[illegible]

* No information available - previous day's price
‡ Only one market maker supplied a price

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg [illegible] = Change on day.
FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. Spread = Margin above six-month offered rate (three-month §above mean rate) for US dollars. C cpn = The current coupon.
CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Cnv price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price [illegible] acquiring shares via the bond over the most recent price of the shares.

Mexican companies poised for offerings

By Sara Webb

MEXICAN [illegible] are expected [illegible] launch a steady stream of international equity [illegible] over the next few months, taking advantage [illegible] favourable stock market conditions and international investors' appetite [illegible] the emerging markets [illegible] Latin America.

The decision [illegible] equity internationally comes at a time when the Mexican stock

INTERNATIONAL BONDS

exchange [illegible] putting [illegible] [illegible] those companies with [illegible]ly-traded shares [illegible] improve their liquidity.

Grupo Carso [illegible] Empaques Ponderosa are the two [illegible] recent Mexican companies [illegible] announce international offerings of about $250m and [illegible] respectively, both to be lead managed by Salomon Brothers.

They [illegible] likely [illegible] be joined by Televisa, the Mexican television and publishing group, which is thought to be preparing a $500m equity issue for this autumn with Goldman Sachs [illegible] global lead manager.

Grupo [illegible] is a [illegible] holding company with interests in telecommunications, mining, manufacturing [illegible] cigarettes, and the restaurant and retailing industries. It acquired 20.4 per cent of the share capital and 51 per [illegible] of the voting shares in Telmex, the recently-privatised Mexican telephone monopoly, in December, and is expected [illegible] receive 1 [illegible] of [illegible] sales in management [illegible].

As a result of the [illegible] international offering, Grupo Carso will increase [illegible] capital by about [illegible] per [illegible]. The funds will [illegible] used [illegible] reduce debt and [illegible] build up shareholdings in subsidiary companies.

Salomon Brothers is lead manager for [illegible] issue, with Lehman [illegible] in the US, and Barings, [illegible] Brothers, [illegible] Nomura acting as co-leads in the [illegible] offering. Grupo Carso is controlled by [illegible] chairman, Mr Carlos Slim, [illegible] his family who together own about [illegible] cent of the company. [illegible]ing company [illegible] estimated market capitalisation of [illegible] reported [illegible]ating profit [illegible] $153m on net [illegible] in 1990.

Separately, Ponderosa Industrial, a [illegible] forestry prod[illegible] producer, is reducing its ownership of Empaques Ponderosa, a holding company with [illegible] in paperboard produ[illegible]tion, through a $65m [illegible] public offer. Half [illegible] the [illegible] will be [illegible] and the remaining half at other international investors.

As a result, Ponderosa Industrial's holding in Empaques Ponderosa will [illegible] reduced from [illegible] per [illegible] between 61 [illegible] per [illegible]. An [illegible]ted 85 per cent of the proceeds will be used by Ponderosa Industrial and [illegible] remainder by Empaques [illegible].

Empaques Ponderosa reported net earnings of $12.6m on revenues of $67.1m [illegible]. Salomon Brothers and Bear Stearns are lead managers for the issue.

UBS Securities reports 'trading irregularity'

By [illegible] Harverson in [illegible] York

UBS SECURITIES, [illegible] US subsidiary of [illegible] Bank [illegible] Switzerland, said yesterday [illegible] it had uncovered an "isolated trading irregularity" in [illegible] New York fixed-income trading department.

In a short statement, UBS [illegible] that the relevant authorities had been [illegible] irregularity, and that "remedial action" within [illegible] firm had been taken. The company, which is a primary dealer in US governm[illegible] securities, [illegible] neither clients nor UBS [illegible] had been financially harmed.

Although no further information was available from UBS, it is believed the irregularity did not involve a trader in Treasury securities, and that the matter was not linked to investigations [illegible] the US bond [illegible] by regulatory authorities in the wake [illegible] Salomon Brothers scandal, in which the group admitted [illegible] orders and violating Treasury rules in auctions of new [illegible].

Israel plans to float state chemical group

ISRAEL WILL float up to [illegible] per cent of the [illegible] Chemicals on the Tel Aviv stock exchange by the end of 1991 in the first step of a three-stage privatisation plan, Reuter reports from Tel Aviv. After [illegible] initial public offering, the authority plans to sell a [illegible] ICL [illegible] a "strategic partner".

INTERNATIONAL CAPITAL MARKETS

SA futures market to use financial rand

By Philip Gawith in Johannesburg

FOREIGN investors will soon be able to trade on the South African Futures Exchange (Safex) through the financial rand, thus allowing them to enter the market for a lower capital outlay.

This follows the Reserve Bank's authorisation of the request made last year by Safex.

The decision, which should take effect in two to three months, is expected to boost liquidity on Safex and perhaps also on the Johannesburg Stock Exchange (JSE) if the ability to hedge exposure on futures encourages investors to invest in the underlying stocks too.

Mr Stuart Rees, Safex chief executive, said it could also be expected that "an input of fresh viewpoints, strategies and skills will enliven the South African market".

The financial rand is a fixed pool of investment currency, which only foreigners may trade in. Its function is to protect the balance of payments by preventing capital outflows from South Africa. The financial rand trades at a discount to the commercial rand – currently about 12.5 per cent, although it has been as high as 50 per cent.

To date, the financial rand has been used primarily for the purchase of listed shares or gilts on the JSE, as well as for property investment. Mr [illegible] said the [illegible] Bank's [illegible]sion represented the acceptance that the derivative must be in the [illegible] as the underlying instrument.

Mr Rees said the interest on margin [illegible] would probably be paid in commercial rand. "This means that the overseas investor in South African futures will be able to finance his investment relatively inexpensively with the financial rand [illegible] a favourable return on his money."

In order to control the currency flowing through the financial rand [illegible] into futures, Safex will [illegible] all [illegible] involved, [illegible] the interest and [illegible]. Commission of [illegible] will be charged for a standard lot size of [illegible] equity futures contracts.

Daily trade volumes on the Safex futures market, which opened a year ago, stand at over 3,000 contracts a day, mainly in index futures. Safex is also examining the addition of options to its product range by early 1992.

Old Mutual to launch SA fund with London listing

By Sara Webb

OLD MUTUAL, South Africa's largest life insurance company, is due to launch the first South African investment company with a London stock exchange listing.

The steady pace of political reform in South Africa has awakened interest among international institutions in investing in the country.

Smith New Court Securities, which is sponsoring and underwriting the placement, said that a poll of 110 UK institutions revealed that while 25 per cent already invest directly in South African equities, 45 per cent are changing their views on South African investment as a result of recent political changes.

In spite of South Africa's gradual international rehabilitation, ethical investors may still [illegible] buying [illegible] with South African links.

"Our contacts with ethical investors suggest that people do not feel the time is right to invest there yet," says Mr Peter Webster, executive secretary of Ethical Investment [illegible] Service, a company which screens individual UK companies for [illegible] in various fields including South African interests.

The $50m closed-end Old Mutual South African Fund will provide institutions with an opportunity to invest in South African blue chip [illegible] as well as "[illegible] well-managed companies [illegible] have [illegible] identified as [illegible] exciting growth potential". The minimum investment is [illegible].

Canadian groups may snub SA issue banks

By Simon London

BANKS participating in a planned [illegible] issue for South Africa risk losing the [illegible] of two of the biggest borrowers in the international bond market – [illegible] of Ontario and Ontario Hydro.

The two borrowers have raised $5bn equivalent from Eurobond and global bond offerings since December last year.

Both have a policy of excluding from their bond syndicates any bank "which has participated in underwriting new [illegible] to the Republic of South Africa or any of its agencies".

Ms [illegible] Tychsen, director of finance policy at the Province, said yesterday that the policy was unchanged and not under review.

In particular, the Province's close relationship with Deutsche Bank, Germany's biggest bank, could be at risk.

The South African government said last week that it was "engaged in exploratory discussions with Deutsche Bank regarding the replacement of a [illegible] issue" which falls due later this year.

Hence, Deutsche Bank could be excluded from participation in Ontario or Ontario Hydro [illegible] if the Republic of South Africa [illegible] ahead. Deutsche Bank was the lead manager on the Province of Ontario's last [illegible] issue, a [illegible] deal launched in June. It was also a participant in Ontario Hydro's global bond offerings.

A Province of Ontario official commented that the Deutsche Bank had kept it "fully appraised of the situation in regard to South Africa with full and frank communication on both sides".

■ SOUTH KOREA'S second largest carmaker, Kia Motor, plans to sell $100m of depository receipts in the US and London, Reuter reports from Seoul.

It will be the third depository receipt issue by a South Korean firm and Kia's first overseas issue.

Lucky [illegible] will lead manage the issue which is planned for mid-November.

New issue volume picks up after summer lull

By Simon London

THE PACE of new [illegible] activity in the international bond market began to pick up yesterday following the summer lull, with borrowers taking advantage of currency [illegible] [illegible] opportunities in the Canadian dollar and sterling sectors of the market.

[illegible] Gas and Toyota Motor Credit launched C$200m five-year and [illegible] four-year [illegible] respectively, lead managed by Goldman Sachs and Wood Gundy.

The Canadian dollar market continues to generate buying [illegible] from investors, [illegible] it driven by heavy redemptions of existing bonds. In September and October, [illegible] of outstanding bonds fall due for redemption.

Both deals fared well, with the Toyota deal tightening from an initial yield spread of 41 basis points over Canadian dollar paper to 32 basis points by the close.

The Osaka Gas deal tightened from an initial spread of 11 basis points [illegible] points.

Asfinag, the Austrian state-backed road finance agency, had also been expected to issue in the Canadian dollar sector but instead launched a £100m 10-year deal lead managed by UBS Phillips & Drew.

The proceeds of the issue [illegible] swapped into floating rate yen, a rare currency swap opportunity out of the UK currency. The paper carries a coupon of 10⅞ per cent and was priced to yield 38 basis points over gilts, on the back of a top triple-A credit rating.

Woolwich Building Society became the [illegible] UK mutual savings institution to borrow in fixed-rate sterling rather than by issuing floating rate notes, the traditional funding path.

The £100m five-year deal launched yesterday, lead managed by Hambros, [illegible] a coupon of 11 per cent and was priced to yield 80 basis points over UK government bonds.

Meanwhile, National Bank of Hungary launched its Ecu200m five-year deal, lead managed by Credit Suisse First Boston. The deal will be priced later this week to yield between 12¼ per cent and [illegible] per cent – the highest yielding paper in the sector.

Hungary does not have the largest external debt burden in Eastern Europe.

At $20bn, its foreign debt is only half that of Poland. [illegible] the country has a population just one quarter the [illegible] of Poland, and its per capita debt burden is the [illegible] of all the countries in the former [illegible] bloc.

Add to this the state of near civil war in neighbouring Yugoslavia and political turmoil in the Soviet Union: there are many reasons to be cautious.

Yet Hungary has never defaulted on its external debt and remain considered one of the best improving credits in the region.

The deal drew comparisons with the Ecu400m seven year deal launched by Greece, also through CSFB, in May. Yesterday Greece was trading at a yield of 10.4 per cent with the Hungary paper offering a yield pick up of around 170 basis points.

INTERNATIONAL BONDS

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
US [illegible]						
Fuji Oil Co.(a)♦	100	4⅝	100	[illegible]	2¼/1½	[illegible] Int.
Tong Yang Cement(b)♦	45	(b)	100	1996	-	Tong Yang [illegible]
STERLING						
Asfinag(a)†	100	10⅞	99.55	[illegible]	[illegible]	[illegible] Phillips & [illegible]
Woolwich Building Soc.(a)†	100	11	102.01	1995	1⅞/1¼	Hambros [illegible]
[illegible]						
[illegible] Co.(a)†	200	10¼	101.17	1996	1.875/1.6	[illegible] Int.
Toyota [illegible] Credit(a)★★†	150	9¾	100.95	[illegible]	[illegible]	[illegible] Gundy [illegible]
[illegible]						
National [illegible] Hungary(c)	200	12	(c)	[illegible]	1⅞/1⅛	[illegible]
YEN						
Ebara Corp.(a)†	10bn	7.2	101.625	[illegible]	1.875/1.525	Yamaichi Int. (Europe)
[illegible]						
[illegible] Meat Packers(d)♦	60	6	100	1995	2¼/1⅛	Commerzbank [illegible]
LKB Baden-Wuert'berg.(e)★★†	50	10½	101.75	1994	-	Trinkaus & Burkhardt
SWISS FRANCS						
Daido [illegible] Sheet(a)★★♦	100	6	100.50	1996	-	[illegible] (Switz)
Daito Kogyo(a)★★♦	70	5¼	100	1995	-	Nomura

★★Private placement. §Convertible. ♦With equity [illegible]. ‡Floating [illegible] Coupon [illegible] at 5½%. [illegible] c) The issue will be [illegible] 12¼-12⅞% [illegible] 6.9.91. [illegible] 5,000 DM [illegible] 5 [illegible] to [illegible] par [illegible] in exchange for [illegible] shares of Bayer [illegible] plus [illegible] bonds. [illegible] Bayer [illegible] price equal [illegible] days [illegible] 1.19 91 [illegible] then option expires [illegible] will be [illegible] at par. [illegible]

Philippines debt accord needs $640m in foreign funds

By Greg Hutchinson in Manila and Stephen Fidler in London

THE PHILIPPINES requires a minimum $640m from international financial institutions and foreign governments to support a debt restructuring accord agreed with its leading creditor banks.

The funds are needed chiefly to provide [illegible] to guarantee principal and interest on the concessional bonds for which banks will be asked to exchange their loans. The figure was provided to journalists in the Philippines by the central bank governor, Mr Jose Cuisia.

There are concerns among bankers and others, however, that insufficient funding may be available to allow the deal to go through.

The main risk would be the failure to [illegible] of the agreement which allows the US to retain a military presence in the Philippines after September 16, after which date the Americans are supposed to begin an orderly withdrawal. The agreement is facing strong opposition in the Philippine senate. "It's probably unlikely we would get resources required to close the deal if there's no ratification," said Mr Cuisia.

The treaty's ratification directly opens the way for funds from the US Treasury that can be used for debt relief. The US will also be influential in securing funding from the International Monetary Fund, World Bank and the Japanese government.

Formal approval of the [illegible] package is also contingent upon two things: the country, notably its zealous senators, agreeing to [illegible] of a controversial and allegedly corrupt nuclear power plant [illegible] any other [illegible] and the Philippines [illegible] – [illegible] in [illegible] doubt – in complying with an IMF economic [illegible]ation programme.

The deal is the first under the Brady plan, which includes as an option a co-financing with one of the international development banks.

Banks may opt to lend money through a co-financing with the Asian Development Bank, which provides a [illegible] for commercial bank loans to the Philippines. This may encourage Japanese banks, which otherwise would be reluctant, to lend "new money" to the Philippines. This, in turn, will reduce the danger that the money will run out to fund collateral needed to back the concessional bonds taken by [illegible] not lending new money.

Many traditional bank lenders will in any case be unwilling to make [illegible]. However, there are some [illegible] of Philippine debt – including some more innovative international investors – who believe that the "new money" option will provide the best return to lenders.

The agreement with representatives of the country's creditor banks, led by Manufacturers Hanover of the US, could, according to central bank calculations, yield more than [illegible] in fresh funds and debt relief over the next six years and [illegible] the [illegible] foreign [illegible] by about $1.5bn. Applicable [illegible] totals $5.3bn of medium to long-term [illegible].

Investment options for holders of Philippine debt

● For every $4 of existing debt, holders may subscribe to $1 of the Philippines' new money bonds, with a 17-year maturity with five years' grace before principal repayments start and an interest margin of 13/16 percentage point over London interbank offered rates.

■ For every [illegible] of existing debt, holders may subscribe to a $1 co-financing with the Asian Development Bank: 14-year maturity, three years' grace, Libor plus [illegible] point.

Debt conversion

Existing debt can be converted into either:

● A 15-year [illegible] 4 per cent in year one; 4¼ per cent in year two; 5 per cent in years 3 to 5; 6 per cent in year 6; Libor plus 13/16 point for years 7 to 15.

● A registered 25-year fixed rate bond: Interest at [illegible] per cent in year one; 5.5 per cent year two; 5.7 per cent year three; 6.25 per cent years four and five, and 6.5 per cent years six to 25.

LONDON MARKET STATISTICS

FT-ACTUARIES SHARE INDICES

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	EQUITY GROUPS & SUB-SECTIONS — Figures in parentheses show number of stocks per section	Tue Sep 3 1991 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%))	Est. P/E Ratio (Net)	xd adj. 1991 to date	Mon Sep 2 Index No.	Fri Aug 30 Index No.	Thu Aug 29 Index No.	Year ago (approx) Index No.
1	CAPITAL GOODS (183)	871.47	-0.5	9.80	5.55	12.55	23.87	875.65	866.19	863 77	754.68
2	Building Materials (24)	1112.26	-0.4	8.26	5.58	15.38	32.33	1116.94	1113.80	1113.56	946.20
3	Contracting, Construction (31)	1163.92	-0.8	9.36	6.71	14.14	33.40	1173.73	1164.60	1161 97	1201.10
4	Electricals (11)	2489.36	-0.3	9.61	5.35	13.30	63.95	2496.68	2467.22	2457 27	2098.95
5	Electronics (24)	1808.70	-0.2	9.78	5.03	12.80	48.40	1812.58	1775 79	1766.40	1619.37
6	Engineering-Aerospace (8)	409.91	+0.1	16.67	6.12	7.19	12.11	409.53	407.68	407 27	430.14
7	Engineering-General (45)	494.69	+1.2	10.71	5.19	11.45	13.19	489.05	483.73	482.80	412.08
8	Metals and Metal Forming (8)	459.30	-0.8	14.74	7.69	8.30	17.15	462.95	454.47	456.97	424.63
9	Motors (12)	364.72	....	9.00	6.59	13.68	12.70	364.94	360.87	359.26	306 68
10	Other Industrial Materials (20)	1671.80	-1.4	8.37	4.82	14.03	38.33	1695.01	1673.34	1664 18	1325.32
21	CONSUMER GROUP (188)	1584.26	-0.2	7.28	3.46	16.95	27.37	1587.58	1567.58	1560.15	1185 19
22	Brewers and Distillers (22)	1944.67	-0.1	7.90	3.44	15.43	34.70	1945 88	1908 86	1901.51	1466.77
25	Food Manufacturing (19)	1237.25	-0.2	9.25	4.00	13.35	24.86	1239.25	1235 10	1222.60	1003.31
26	Food Retailing (17)	2688.26	+0.7	7.99	3.10	16.37	44.38	2670.74	2655.93	2642.92	2419.17
27	Health and Household (22)	3768.92	-0.9	5.14	2.30	22.18	35.03	3802.79	3755 31	3748.60	2292 86
29	Hotels and Leisure (23)	1393.29	-0.9	8.54	5.00	14.11	37.19	1405.62	1383.84	1368.52	1230.89
30	Media (26)	1522.21	+0.5	7.25	4.66	17.98	41.56	1514.84	1495 11	1491.57	0.00
31	Packaging, Paper & Printing (18)	780.84	+0.1	7.22	4.22	16.73	16.35	780.34	771 08	767 85	522 68
34	Stores (32)	1037.21	....	7.38	3.59	17.70	17.96	1037.47	1020 64	1015.22	777.00
35	Textiles (9)	611.56	+0.2	8.21	5.07	15.12	14.09	610 08	605 70	606.24	420.05
40	OTHER GROUPS (109)	1299.87	-0.3	9.44	4.96	13.21	32.75	1304 42	1286 66	1283.91	1019.23
41	Business Services (12)	1420.13	+0.1	7.60	4.61	16.29	30.08	1418.26	1406 58	1406.41	0 00
42	Chemicals (21)	1513.23	-0.5	6.74	4.76	18.31	46.15	1520.52	1501 40	1487.91	1044.17
43	Conglomerates (10)	1524.05	-0.7	9.77	6.92	12.36	35.17	1535.35	1521.74	1515.69	1410 82
44	Transport (13)	2345.28	....	7.68	4.57	16.12	62.68	2346.47	2318 89	2316.79	1950.12
45	Electricity (16)	1231.67	-0.6	14.23	5.28	8.99	27.53	1239.24	1226.54	1228.78	0.00
46	Telephone Networks (4)	1574.89	-0.2	9.37	3.86	13.96	28.34	1577 91	1551.04	1543.35	1131 80
47	Water (10)	2461.92	+0.6	16.61	6.25	6 66	118.37	2447.37	2371 99	2377.24	1911.43
48	Miscellaneous (23)	1943.83	-0.8	6.15	4.99	21.17	47.96	1958.56	1938.28	1949.79	1506.32
49	INDUSTRIAL GROUP (480)	1319.88	-0.3	8.46	4.34	14.63	28.74	1323 93	1307 27	1302 66	[illegible]
51	Oil & Gas (20)	2495.00	-0.3	10.48	5.52	12.58	78.32	2501 69	2481 82	2478.69	2479.01
59	500 SHARE INDEX (500)	1420 60	-0.3	8.71	4.49	14.34	32.69	1424.90	1407.79	1403.23	1151.50
61	FINANCIAL GROUP (92)	844.25	....	-	5.52	-	27.93	844.20	835.42	836.44	705.66
62	Banks (9)	986.66	....	4.32	5.40	43.43	36 83	986.62	977.56	981.02	758.69
65	Insurance (Life) (7)	1626.17	-0.2	-	5.10	-	42.61	1629.31	1607.75	1605.73	1351.89
66	Insurance (Composite) (6)	675.74	-0.3	-	6.49	-	25 81	677.64	666.54	668.12	592.42
67	Insurance (Brokers) (9)	1154.60	-0.9	7.09	5 85	18.45	35.66	1165 61	1164 42	1167.70	824.19
68	Merchant Banks (7)	449.34	+0.2	-	4.67	-	12.16	448.37	443.67	442 23	380 21
69	Property (36)	948.82	+0.6	6.05	4.91	22.77	22.40	943 27	933.28	929 28	933.73
70	Other Financial (18)	264.10	+0.6	10.88	6.86	11.51	8.67	262 50	262.69	263 37	255.20
71	Investment Trusts (69)	1257.76	+0.3	-	3.43	-	24.33	1253.97	1242 95	1240.82	1066.32
99	ALL-SHARE INDEX (661)	1280.51	-0.2	-	4.60	-	31.08	1283 65	1268.62	1265.31	[illegible] 83

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Sep 2	Aug 30	Aug 29	Aug 28	Aug 27	Year ago
FT-SE 100 SHARE INDEX♦	2669.0	-10.6	2683.7	2667.1	2679.6	2645.7	2638.2	2624.2	2619 8	2146 0

FIXED INTEREST

	PRICE INDICES	Tue Sep 3	Day's change %	Mon Sep 2	Accrued interest	xd adj. 1991 to date
	British Government					
1	Up to 5 years (28)	122.31	+0.09	122.21	2.34	7.71
2	5-15 years (27)	133.88	+0.34	133.43	1.87	9.52
3	Over 15 years (9)	142.92	+0.40	142.35	2.32	8.42
4	Irredeemables (6)	157.33	+0 51	156.53	2.32	8.83
5	All stocks (70)	132.62	+0.26	132.27	2.11	8.90
	Index-Linked					
6	Up to 5 years (1)	162.86	....	162.85	1.04	2.72
7	Over 5 years (10)	147.26	+0.21	146.95	0.61	3.15
8	All stocks (11)	148.29	+0.20	147.99	0.62	3.14
9	Debs & Loans (58)	112.04	+0.06	111.98	2.15	7.35

	AVERAGE GROSS REDEMPTION YIELDS		Tue Sep 3	Mon Sep 2	Year ago (approx.)
	British Government				
1	Low	5 years	8.79	8.87	11 05
2	Coupons	15 years	9.54	9.58	11.05
3	(0%-7¾%)	20 years	9.54	9.58	11.05
4	Medium	5 years	9.86	9.91	12 05
5	Coupons	15 years	9.71	9.76	11.55
6	(8%-10¾%)	20 years	9 66	9 71	11.40
7	High	5 years	10 04	10.09	12 15
8	Coupons	15 years	9.82	9.87	11.81
9	(11%-)	20 years	9 73	9.78	11 68
10	Irredeemables		9.75	9 80	11.18
	[illegible]				
11	[illegible] rate 5%	Up to 5yrs	3 89	3.88	4.77
12	[illegible] 5%	Over 5 yrs	4 27	4.28	4.31
13	[illegible]	Up to 5 yrs	2.94	2.92	3.63
14	[illegible]	Over 5 yrs	4.08	4.09	4.13
15	Debs &	5 years	11.54	11.54	14.06
16	Loans	15 years	11.33	11.33	13.10
17		25 years	11.15	11.16	12.87

♦Opening index 2678.0; 9 am [illegible]78.8; 10 am 2675.9; 11 am 2670.0; Noon 2669.3; 1 pm [illegible]; 2 pm 2667.5; 2.30 pm 2667.5; 3 pm 2670.8; 3.30 pm [illegible]; 4.10 pm 2668.7; (a) 9.09 am [illegible] 1.25 pm † Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 [illegible]. The FT-ACTUARIES SHARE INDICES SERVICE covers a range of electronic and paper-based products relating to these indices. These are available by [illegible]

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	72	8	11
Corporations, Dominion and Foreign Bonds	5	0	15
Industrials	340	212	952
Financial and Properties	150	54	[illegible]
Oils	15	14	59
Plantations	0	0	10
Mines	50	16	18
Others	3	8	137
Totals	635	300	1,812

LONDON RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1991 High	1991 Low	Stock	Closing Price p	+or-	Net Div.	Times Covd.	Gross Yield	P/E Ratio
[illegible]											

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1991 High	1991 Low	Stock	Closing Price £	+or-
[illegible]							

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1991 High	1991 Low	Stock	Closing Price p	+or-
[illegible]							

[illegible] Renunciation date usually last day for dealing free of stamp duty. [illegible] prospectus or other official estimates for 1990-91. H Dividend and yield based on prospectus or other official estimates for 1991. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1991-92. N Dividend and yield based on prospectus or other official estimates for 1992. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro forma figures. ‡ Offered to holders of ordinary shares as a "rights". † Introduction. § Placing price. ¶ Reintroduction. ‡‡ Unlisted securities market. ♦ Issued in connection with reorganisation, merger or takeover. [illegible] Price at a premium.

TRADITIONAL OPTIONS

● First Dealings Aug. 19
■ Last Dealings Sept. 6
● [illegible] Declarations Nov. 21
■ For settlement [illegible]
For rate indications see [illegible] of [illegible]

London [illegible] Service [illegible] in [illegible] Leisure, Burton, [illegible] Mining, Explaura [illegible] Puts in Bryant.

LONDON TRADED OPTIONS

Option		CALLS			PUTS		
[illegible]							

FT-SE INDEX [illegible]

September 3 Total Contracts 27,306 Calls 16,551 Puts 10,855 FT-SE Index Calls 5,112 Puts 3,441 Euro FT-SE Calls 652 Puts 395 *Underlying security price. † Long dated expiry months. Premiums shown are based on middle prices.

Taylor Woodrow falls to £25.3m

By Andrew Taylor, Construction Correspondent

THE SHARE price of Taylor Woodrow fell 12p [illegible] 213p [illegible]terday [illegible] the property and construction group announced substantial provisions [illegible] potential [illegible] international construction [illegible] and a London property development.

The provisions, thought [illegible] total more than £20m, were announced [illegible] Taylor Woodrow [illegible] that pre-tax profits had tumbled by a third to [illegible] during the first six months [illegible] this year.

Mr Peter Drew, chairman, said the results were "an elo[illegible] reflection [illegible] wide-spread [illegible] current economic recession".

The company said that [illegible] provisions, which had [illegible] unexpected by analysts, had been offset [illegible] a large [illegible] by [illegible] Churchill Square, [illegible] development in Brighton, [illegible] by [illegible] reduction in [illegible] from £12.9m [illegible]

The decline in the [illegible] charge [illegible] brought about by [illegible] change in [illegible] property disposals during the first half, according [illegible] Taylor Woodrow.

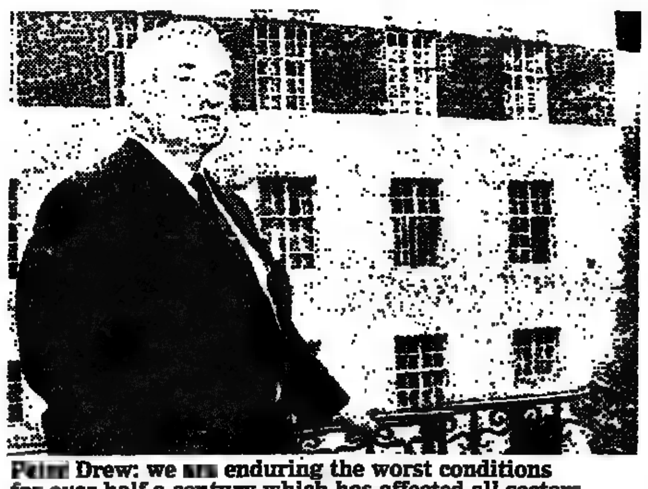
Individual provisions, [illegible] thought [illegible] several million pounds, had [illegible] made against:

- St Mary Abbotts, a town house and luxury flat develop[illegible] in Kensington;
- [illegible] substantial US construction [illegible] which [illegible] were being considered;
- building [illegible] western bridge for the [illegible] project which will connect the island [illegible] Zeeland to the Jutland [illegible]insular in [illegible] The con[illegible] has [illegible] a consortium in which Taylor Woodrow has a 21 [illegible] stake.

This [illegible] the [illegible] of provisions [illegible] announced by Taylor [illegible] on the Storebaelt project. The [illegible] intends [illegible] submit claims to [illegible] caused by design changes.

It [illegible] imposed strict controls [illegible] taking further construction [illegible] the US to prevent further losses [illegible] provisions.

Mr Drew [illegible] "We [illegible] enduring [illegible] for [illegible] a century and, despite all attempts [illegible] insulate the company from [illegible] major cyclical downturn, [illegible] impact of sustained high [illegible] and [illegible] widespread [illegible] confi[illegible] all [illegible] of the company's business adversely."


[illegible] Drew: we [illegible] enduring the worst conditions for over half a century which has affected all sectors

Earnings per share, after adjusting for [illegible] issue, slipped from 6.9p to [illegible]

The interim [illegible] maintained at 1.86p.

[illegible] half [illegible] rights [illegible] cash had been commited for [illegible] including [illegible] £41m purchase [illegible] a freehold [illegible]trial property portfolio [illegible] Slough [illegible] The [illegible] acquired [illegible] modest office development in Berlin jointly with [illegible] Union.

[illegible] of June [illegible] debt had [illegible] reduced to 9 per [illegible] of shareholders funds. Mr Drew [illegible] reflected a healthy operating cash flow [illegible] a strong [illegible] sheet.

[illegible]

First Direct chief to take over at Mercury

By Hugo Dixon

MR MICHAEL Harris, chief [illegible] of First Direct, [illegible] telephone banking company [illegible] by Midland Bank, [illegible] brought in as [illegible] new chief executive [illegible] Mercury Communications in the latest phase of a management reorganisation at its parent [illegible] and Wireless, the UK-based international telecommunications group.

As part of [illegible] reorganisation, Lord Young, executive chairman, has [illegible] promoted Mr Peter [illegible] Cuylenburg, Mercury's previous chief [illegible]utive, [illegible] group director with responsibility for businesses in OECD countries. Mr Brian Pemberton, currently managing director of C and W world[illegible] services, becomes [illegible] non-OECD [illegible]tries.

The reorganisation [illegible] the departure last month [illegible] Mr Gordon Owen, [illegible] group's managing director. It [illegible] a [illegible]tive chairman's committee consisting [illegible] Lord Young, Mr [illegible] Cuylenburg, Mr [illegible]ton and Mr [illegible] Olsen, [illegible] director for [illegible] and business planning.

C and W argued that Mr Harris, 42, had the right combination of marketing skills and background in technology to [illegible] a [illegible] Mercury. He [illegible] with making First Direct a [illegible] be reckoned with in competition [illegible] big four clearing banks – [illegible] Lord Young compared to Mercury competing against British Telecom.

Lord Young made [illegible] yesterday's [illegible] not the end [illegible] management changes. He reaffirmed his intention [illegible] appoint [illegible] new group managing director within [illegible] saying [illegible] of [illegible] chairman's committee would report [illegible] new [illegible]

Mr [illegible] Cuylenburg point[illegible] corrected his chairman by [illegible] that [illegible] roles of those in the committee rather than the individuals would [illegible] the new [illegible] This [illegible] apparently revealed that Mr van Cuylenburg [illegible] himself a [illegible] for the job.

Bowater advances 5% to £51m but foresees further job cuts

By John Thornhill

BOWATER, the packaging, printing and engineering [illegible] yesterday reported [illegible] 5 [illegible] cent improvement in pre-[illegible] profits but said it [illegible] see no improvement in the tough trading conditions and might have to shed more jobs.

The [illegible] supplies a [illegible] many industries in the UK, US and Australia, and is highly [illegible] to [illegible] in demand.

Mr David Lyon, chief [illegible]tive, [illegible] there had been no improvement in [illegible] order books. "It's damn [illegible] tell when the [illegible] going to end," he said.

In the first half, [illegible] employees and warned [illegible] a further 200 [illegible] 300 job [illegible] could follow unless there [illegible] pick-up in [illegible]

In the [illegible] months [illegible] June [illegible] pre-tax profits advanced from [illegible] to £51m, although this improvement was entirely due to a reversal in [illegible] company's interest position.

Operating profits from continuing businesses slumped from [illegible] £46.5m. But the company received interest income [illegible] – including [illegible] credit from the [illegible] its pension fund surplus and capitalised interest – compared [illegible] payments of £11.5m in the comparable period.

Gearing [illegible] to 38 per [illegible] during [illegible] half but this largely reflected the rise in the value of the dollar rather than an outflow of cash.

[illegible] end of [illegible] period [illegible] had £250m [illegible] in London but [illegible] Australian [illegible] borrowings of [illegible] (revised to £405m following the 16 per [illegible] in exchange rates during the half year).

[illegible] from continuing businesses fell 8 per cent to £606m (£658m). Operating profits [illegible] print and packaging slipped from £38.8m [illegible] £31.8m, although these were adversely affected by the division's [illegible] in Brazil.

The coated industrial films division recorded static profits [illegible] £8.5m, engineering activities yielded a much-reduced [illegible] (£5.3m) and tissue and timber operations contributed [illegible] (£1.1m). But building materials [illegible] a strong [illegible] against the market trend to £3.7m (£3.3m).

Fully diluted earnings fell to 21.2p (23p). The interim divi[illegible] is held at 9.5p.

See Lex

UK activities help Intrum Justitia surge to £4.6m

By Richard Lapper

INTRUM JUSTITIA, the [illegible] collection [illegible] a London stock market listing [illegible] year, yesterday reported a 53 [illegible] in pre-tax profits [illegible] for the half year to end-June.

Following strong expansion, especially [illegible] UK, [illegible] from [illegible] income [illegible] (£20.9m).

Expenses climbed [illegible] (£17.6m) [illegible] net financial income and expenses amounted [illegible] (£256,000).

Earnings per [illegible] advanced [illegible] 3.7p (2.9p) [illegible] interim dividend is increased from 0.6p [illegible]

The group's commercial debt businesses generated about [illegible] cent [illegible] over [illegible] third of revenues [illegible] from the UK, where buoyant demand from banks, building societies, [illegible]nies, mail [illegible] companies and utilities fuelled growth in the [illegible] debt di[illegible]

Mr Gert [illegible] Laar, European managing director, [illegible] Intrum [illegible] had a share [illegible] and [illegible] per cent [illegible] market for consumer [illegible] revenues amounted [illegible] £13m.

Elsewhere, Intrum remained strong in Sweden, where the company was founded in [illegible] 1920s, with [illegible] £10.5m; Finland put in £2.5m, Germany £1.7m, Norway £3.3m, [illegible]land £3.3m and [illegible] Netherlands £1m.

Although [illegible] company only has [illegible] per cent of the UK mar[illegible] for commercial [illegible] collection, Mr [illegible] Laar [illegible] potential for expansion in this [illegible] – esp[illegible] in the area of cross-border debt [illegible]

Intrum already works with NCM, the Dutch [illegible] insurer, in [illegible] a combined [illegible] and debt collection scheme to small and [illegible]nesses.

Lower interest charges push Scholl to £11.6m

By Michiyo Nakamoto

[illegible] drop in interest charges helped Scholl, [illegible] supplier [illegible] foot and personal healthcare products, lift interim pre-tax profits despite [illegible] decline in turnover.

Group profit improved from £11.5m to £11.6m largely as a result of a fall in interest costs [illegible] (£2.07m). Borrowings [illegible] eliminated [illegible] proceeds [illegible] from the rights [illegible] in May.

Turnover fell [illegible] £82.9m (£87.3m) in [illegible] adverse exchange rates and [illegible] widespread downturn in consumer demand.

The effect of [illegible] per [illegible] weakening in exchange rates was particularly pronounced as [illegible] large proportion of Scholl's business [illegible] based outside the [illegible] In [illegible] first half 75 per cent [illegible] turnover [illegible] non-UK [illegible]

Bad [illegible] across Europe affected the [illegible] products business [illegible] which the months between April and June were crucial, said Mr Neil Franchino, [illegible] executive.

Meanwhile, [illegible] destocking programmes adopted by [illegible] organised and independent traders in the UK and Europe [illegible] business. It [illegible] to the point where chemists didn't care whether [illegible] to go [illegible] the [illegible] buy what they wanted, Mr Franchino [illegible]

Turnover [illegible] in [illegible] of the world, however, he said. Market share has been increased or maintained in all of [illegible] worldwide [illegible] cost cutting programme had [illegible] operating [illegible] to be broadly [illegible]

Scholl is looking [illegible] presence in the [illegible] for over-the-counter health care products.

With [illegible] help of [illegible] tax rate earnings per [illegible] 12 per cent to 11.3p (10.1p). The [illegible] dividend is [illegible] 2.5p on the [illegible] capital.

Hickson makes £10.6m flooring sale to Headlam

By Richard Gourlay

Shares [illegible] International, [illegible] Yorkshire-based chemicals group, jumped 13p [illegible] on news [illegible] Hickson Flooring Distributors in line with [illegible] new policy to concentrate on [illegible] businesses.

[illegible] proposed [illegible] Headlam, the footwear and fabrics group.

Mr [illegible] chief executive, said the [illegible] would help reduce gearing. In December, it [illegible] at 130 [illegible] on net debt [illegible] £107m [illegible] the interim stage [illegible] had risen by [illegible] £5m-£10m.

In 1990 [illegible] Flooring Distributors [illegible] operating loss of £1.1m on [illegible]

The size [illegible] the acquisition led to the S[illegible]k Exchange suspending [illegible] shares. The group [illegible] market capitalisation [illegible] about [illegible] while Hickson Flooring [illegible] has [illegible] about [illegible]

[illegible] will [illegible] suspended until [illegible] advisers, Robert [illegible], circulate [illegible] transaction [illegible]

Headlam [illegible] fund the cash acquisition by issuing [illegible]

Pickwick plunges 95%

By Peggy Hollinger

PRE-TAX PROFITS [illegible] Pickwick Group, [illegible] audio and video entertainment [illegible] plunged 95 [illegible] for the six months to June 30, in spite [illegible] rise in turnover from [illegible] to [illegible]

However, Mr Ivor Schlosberg, chairman, [illegible] confident [illegible] shortfall could [illegible] recovered in the second [illegible] months. "About 80 per cent [illegible] profits [illegible] year [illegible] made in the second half," he said.

The group wrote off the £500,000 [illegible] restructuring the [illegible] music business which had [illegible] "particularly hard hit by the [illegible] in [illegible]sumer spending."

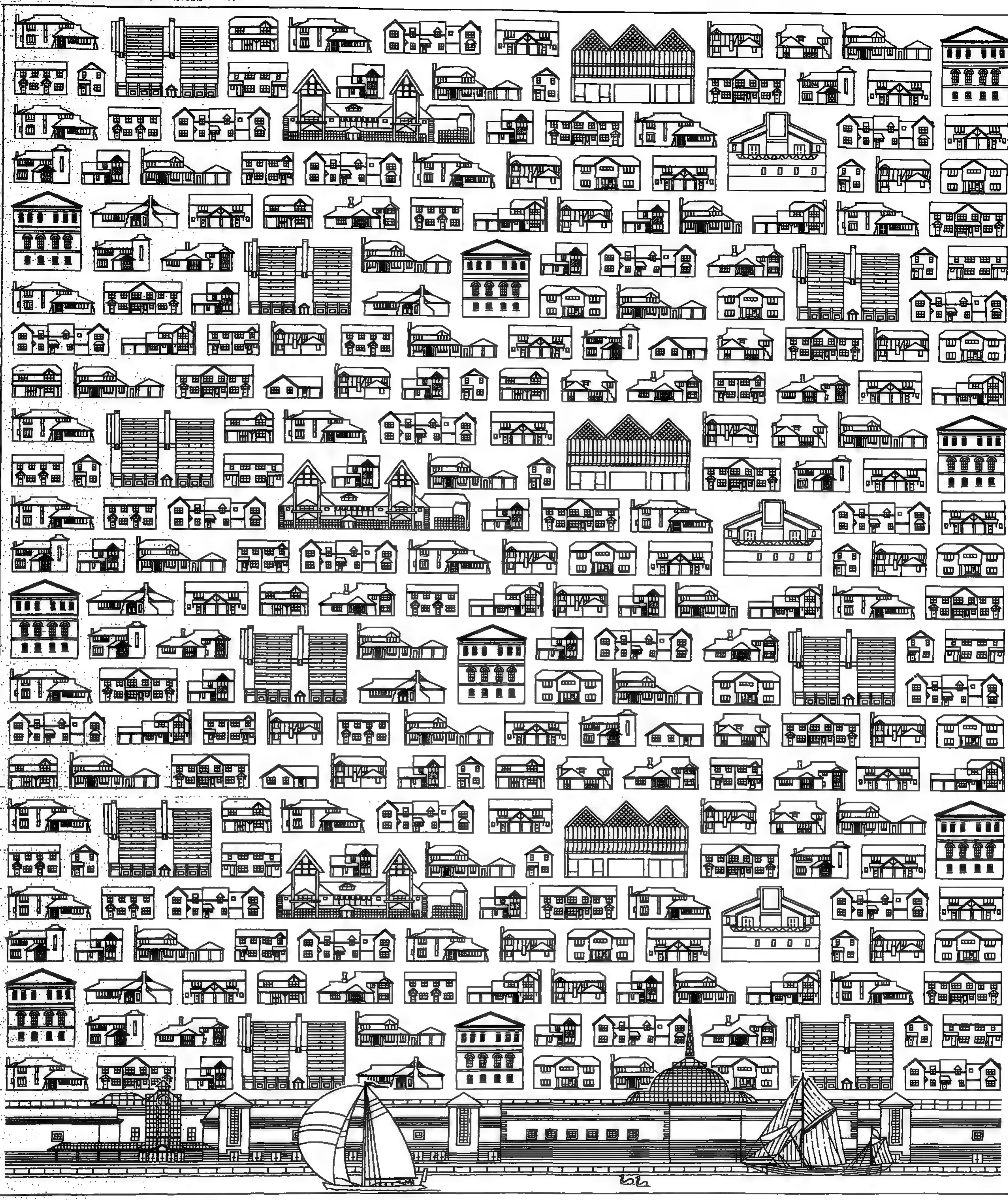
The French [illegible] business, which last year broke even, reported [illegible] loss.

Earnings per share fell [illegible] 0.18p (3.88p) and [illegible] dividend [illegible] maintained [illegible] 1.65p.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	[illegible]-ponding [illegible]	Total for year	Total last [illegible]
Bowater	int	9.5‡	[illegible] 1	[illegible]	-	21
Hambro [illegible]	int	[illegible]	[illegible] 28	0.05	-	[illegible]
IMI	int	[illegible]	[illegible]	4.2	-	10
[illegible]	int	[illegible]	-	0.6	-	1.8
[illegible]	fin	[illegible]	[illegible]	2.07	3.59	3.12
[illegible] (Thomas)	int	[illegible]	[illegible] 1	1.5	-	[illegible]
MTM	int	1.87†	[illegible]	1.7	-	5.1
Office and Elect	int	0.1	Dec [illegible]	0.1	-	0.1
Peek	int	1.05	Jan 3	1.05	-	3.4
Pentos	int	0.7	[illegible] 11	0.6	-	2.5
Pickwick	int	1.65	[illegible] 8	1.65	-	5.35
Pelon §	int	1	Oct [illegible]	1	-	2.4
Record	int	1.15	Oct 31	1.15	-	[illegible]
Ropner	int	3.5	Dec 31	3.5	-	8.25
Scholl	int	2.5†	Nov [illegible]	2.5	-	[illegible]
Sedgwick	int	4	Oct 25	[illegible]	-	[illegible]
Taylor Woodrow	int	1.86†	Oct 1	1.86	-	[illegible]
WSP	int	1.1†	Oct 21	1.1	-	[illegible]

Dividends shown pence per share net [illegible] otherwise stated. *Equivalent after allowing for scrip issue. †On capital [illegible] by [illegible] acquisition issues. §USM [illegible] ‡Scrip option.



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UK COMPANY NEWS

A missed window of opportunity

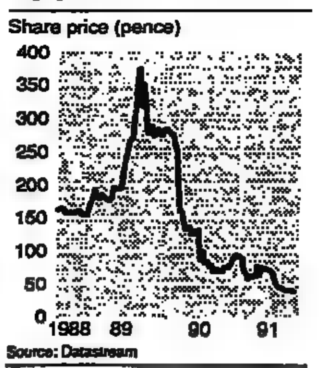
Alan Cane takes a look at the falling fortunes of Psion

HARD HIT by a combination [illegible] the [illegible] and the [illegible] product introductions, Psion, the London-based electronics company which [illegible] the UK's standard [illegible] in hand-held computers, barely turned in [illegible] profit in the first half of 1991.

Its [illegible] before tax, substantially [illegible] year's figures, [illegible] fresh [illegible] about [illegible] for small, [illegible] European companies in today's [illegible] moving, cash-hungry, electronics marketplace.

Psion

Share price (pence)



Source: Datastream

Pre-tax profits [illegible] Psion – [illegible] known for [illegible] Organiser electronic filing system – have now fallen for three consecutive half [illegible]. Mr David Potter, [illegible] and chairman, warned [illegible] although he believed the [illegible] half [illegible] would be better than [illegible] first, [illegible] did [illegible] anticipate [illegible] dramatic improvement. Psion shares fell 2p to 40p [illegible] the news [illegible] equal their [illegible] this [illegible].

For the [illegible] months [illegible] 30 the company had turnover of £11.53m, some 25 per cent lower than in the first half of the previous year.

Profit before tax of only £27,000 compared with £314,000 a year earlier and with £1.63m for the first half of 1989. For 1990 as [illegible] whole, sales totalled £31.4m.

First half earnings per share fell from 0.87p to 0.12p but [illegible] interim dividend is maintained at 1p on the grounds that gearing remains low and that the company's financial position is sound.

Mr Potter identified two reasons for Psion's disappointing performance.

First, [illegible] failure of [illegible] MC [illegible] laptop computers which should by now [illegible] taken over [illegible] the Organiser family as the [illegible] revenues. "A [illegible] in the [illegible] products" [illegible] how Mr Potter euphemistically [illegible] failure [illegible] the range yesterday.

The MC machines, in fact, contributed only [illegible] £1.25m to revenues in the first half of the year and there is no indication that the range is set for a sales revival. Mr Potter says the range will continue to be supported and developed, however, including the introduction this [illegible] of high quality word processing software.

The MC machines were well received when first introduced, but sales were hampered initially by a shortage of peripheral equipment and business [illegible] from which they [illegible] recovered.

The [illegible] clearly under-[illegible] introduce and support such an innovative new product family. By *the time peripherals and software* had been developed and brought to market, the trend to Japanese "notebook" computers had already [illegible] and Psion had [illegible] window [illegible] opportunity. "We were unlucky in our timing", Mr [illegible].

Second, [illegible] recession brought [illegible] unprecedented decline in capital spending which has [illegible] Psion's key corporate markets. The group's early success was based on the flexibility of the Organiser hand-held machines. Designed primarily for retail sales as an electronic diary and filing system [illegible] Organiser quickly [illegible] itself [illegible] tool finding applications in department stores, public utilities, banks [illegible] telecommunications companies.

David Potter: Two reasons for the poor results

Retail [illegible] of [illegible] Organiser have been in [illegible] for two [illegible] as [illegible] result [illegible] competition [illegible] manufacturers offering more up-to-date technology, but [illegible] corporate [illegible] continue [illegible] provide [illegible] greater part of Psion's revenues.

Mr [illegible] believes the Organiser has another [illegible] or four [illegible] life, but [illegible] have inevitably been depressed during [illegible].

What hopes [illegible] for recovery? The company has already cut business costs by 28 per cent and reduced stocks *to a "modest" level. It is now* looking to the breadth of its product line and the potential of new hand-held products to generate renewed profitability.

Mr Potter believes there will be explosive growth in hand-held devices when business recovers, based on the power that can be built into a hand-held unit these days and the potential for linking hand-held computers [illegible] radio [illegible].

He argues [illegible]

● [illegible] at the company's troubled Dacom data communi[illegible] subsidiary, which depressed profits in earlier [illegible] now under control and the unit is contributing slightly [illegible] profits.

● The company's new range of HC hand-held [illegible] computers was launched in April and [illegible] been [illegible] received; the range will [illegible] a contribution to profits in [illegible] half [illegible] the year.

● The company will launch [illegible] new pocket-sized computer [illegible] which should attack a market that Japanese manufacturers and US specialists in hand-held machines, like Hewlett Packard, are trying to make their [illegible]. Mr Potter [illegible] computer will leap-frog Japanese products in terms of [illegible] and functionality.

Will the cost of supporting the new pocket computer prove as burdensome [illegible] supporting the [illegible] range?

Mr Potter [illegible] the company [illegible] ready to [illegible] benefit of its [illegible] in [illegible] for portable computers. All Psion's ranges [illegible] the [illegible] design principles, the [illegible] same communications systems. "Like [illegible] manufacturer, [illegible] put [illegible] into the [illegible] chassis".

But while it profited greatly [illegible] being first on [illegible] with [illegible] Organiser type [illegible] product, [illegible] already [illegible] number of pocket computers on [illegible].

[illegible] window of opportunity again been lost? Mr [illegible] *says the capabilities of the new* device outstrip anything seen so far in pocket computers and at a significantly lower price. He believes it will set the standard rather than follow it.

The fact is that virtually all computer companies have been hit hard [illegible] the recession but Psion remains unsatisfactorily vulnerable both to fluctuations in the business cycle and to fashion. The MC range did not sell well because fashion in portable computing had, [illegible] some extent, passed it by.

Analysts are [illegible] pre-[illegible] profits [illegible] £200,000 for [illegible] full year [illegible] approximately £25m.

If there is to be jam at Psion, it will not sweeten Mr Potter's life before late 1992.

Former IBA chief takes chair at Transworld

By Ian Hamilton Fazey, Northern Correspondent

MR JOHN WHITNEY, former director-general of [illegible] Independent Broadcasting Authority, [illegible] appointed chairman [illegible] Transworld Communications, the USM-quoted local radio operator which yesterday announced interim losses of £1.09m, against £1.17m, [illegible] turnover down from [illegible] £5.2m.

He [illegible] Mr Owen Oyston, the Lancashire entrepreneur, who last month resigned as chairman after principal [illegible] refused [illegible] back a much-needed rights [illegible] quit.

[illegible] of a 5-for-2 rights [illegible] announced [illegible]terday. Nearly 28m new [illegible] will be [illegible] at 45p [illegible] payable in full on acceptance.

The shares fell 19p to 98p yesterday.

The issue, which is expected [illegible] some [illegible] will eliminate borrowings arising from the take-[illegible] Manchester's Piccadilly Radio in [illegible].

The [illegible] Evening News group, which [illegible] 20 per cent of Transworld, *confirmed that* [illegible] would [illegible] up its rights.

Emap, [illegible] newspaper, magazine and [illegible] operator, which [illegible] 17.6 [illegible] cent, indicated that it would do so when forcing Mr Oyston's resignation.

Mr Oyston, who holds 22 per cent, told the annual meeting that he would also take up his rights.

Transworld's hopes of averting its debt crisis were dashed by recession and the slump in advertising during and [illegible] the Gulf war.

Shareholders [illegible] confidence in Mr Oyston, whom Mr Harry Roche, chairman of the Guardian-MEN, [illegible] running the company like a private business.

Sedgwick affected by low US rates and exchange movements

By Richard Lapper

AN UNEXPECTED fall in insurance rates in the US and the impact of exchange [illegible] movements depressed Sedg[illegible] Group, the UK's [illegible] insurance broker, leaving it with interim pre-tax profits [illegible] from [illegible] £65.3m.

Earnings per share fell to 10p (10.4p) but the interim dividend [illegible] maintained [illegible] 4p.

At constant exchange [illegible] revenues [illegible] six months to [illegible] fell only 1 [illegible] cent, but declined [illegible] per cent in sterling terms [illegible] (£377.5m). Operating income – from brokerage commission and [illegible] – [illegible] by 5 [illegible] cent [illegible] (£342.8m).

Lower UK and US interest [illegible] responsible for [illegible] 15 [illegible] fall in investment [illegible] (£34.7m).

The impact [illegible] by [illegible] reduction in [illegible] to £286.6m (£303.6m), although [illegible] fall [illegible] marginal [illegible] constant exchange rate terms.

Mr David Rowland, chairman, [illegible] that the decline in rates [illegible] the second quar[illegible] in the US – which generates [illegible] a third [illegible] operating income – had been surprising in [illegible] of the already depressed state of [illegible] market.

"We hadn't expected that the [illegible] market would weaken again. [illegible] still going down. [illegible] the [illegible] has worn on it has become clear that people are writing business for market share," said Mr Rowland.

Commercial insurance rates were also soft in the UK and Europe.

Rates for marine and aviation insurance in the London [illegible] have risen, but [illegible] impact [illegible] increasing [illegible] in the catastrophe reinsurance market in London had been [illegible] set by a marked shrinkage in capacity with a [illegible] reinsurers – Lloyd's syndicates and companies [illegible] – quitting the market.

[illegible] Payne, the reinsurance subsidiary which [illegible] about [illegible] per cent [illegible] Sedgwick's [illegible] income, experienced an 11 [illegible] cent *reduction* [illegible] income [illegible] (£47.9m).

The unevenness in rating trends meant this [illegible] "a very difficult market to [illegible] business in," said Mr Rowland.

Despite the [illegible] strength [illegible] the [illegible] on [illegible] Sedg[illegible] through hedging to obtain a [illegible] favourable exchange [illegible] months of 1990.

Sedgwick claims continuing success in its efforts [illegible] especially in North America.

See Lex

NEWS DIGEST

Slimmer Ropner falls to £2.3m

ROPNER, [illegible] Darlington-based *engineering, shipping* [illegible] property group, [illegible] pre-tax profits fall from [illegible] in the first half [illegible] 1991.

However, [illegible] activities showed higher profits [illegible] £1.46m, against £1.12m. In the second half of the previous year [illegible] products and [illegible] broking [illegible] were [illegible].

The pre-tax figure [illegible] net investment income [illegible] £814,000 (£275,000 charge).

Turnover was £7.64m (£28m). After tax of £681,000 (£1.06m) earnings per share were 6.2p (7.7p). An unchanged interim dividend of 3.5p is declared.

There was an extraordinary profit of £360,000 (£3.45m) arising from the sale of the MV Iron Kirby for $3.9m (£2.32m).

Stonehill

Stonehill Holdings, a wholesaler of household goods and hardware, reduced its losses from £2.2m to £1.13m [illegible] for the year to March [illegible].

[illegible] totalled £1.6m (£5.76m), generating operating profits of £577,000 (losses £720,000). Interest accounted for £1.7m (£1.48m).

Losses per share worked through at 5.34p [illegible]. [illegible] taking [illegible] extraordinary [illegible] (debits [illegible]) and preference dividends the retained loss [illegible] to [illegible] (£5.73m).

Record

In [illegible] "reasonably satisfactory" half [illegible] Record Holdings achieved pre-tax profits [illegible] £1.57m, compared with £2.1m, after allowing £323,000 for the establishment of a new distribution facility in Toronto.

Turnover for this manufacturer of hand [illegible] tools, fell from [illegible] £13.4m. Activities [illegible] or sold [illegible] for half of [illegible] home [illegible] decline. Operating [illegible] improved from [illegible] cent [illegible].

Earnings [illegible] were 3.42p (4.83p) [illegible] interim dividend [illegible] again 1.15p.

OEM

Taxable profits [illegible] and [illegible] from £10,000 [illegible] £14,000 for the half [illegible] June 30.

At [illegible] operating [illegible] company incurred [illegible] £341,000 (profits £35,000) but these were offset by exceptional [illegible] £273,000 [illegible] swing from [illegible] payable of £25,000 [illegible] of £82,000.

Turnover of continuing activities totalled £720,000 (£1.19m). [illegible] per [illegible] emerged [illegible] 0.2p (0.13p) and a same-again nominal interim dividend [illegible] 0.1p [illegible].

Peek

In the [illegible] half [illegible], the [illegible] traffic and field data systems group, [illegible] pre-tax profit halve from £6.03m [illegible] £3.02m, "in line with expectations in a generally weaker market", explained Mr Ken Maud, chairman.

Traffic operations continued to advance in Europe and the US. The integration of the traffic systems business of Philips, acquired in April, was progressing well and significant new contracts had been gained.

Turnover rose to £38.1m (£35m). Earnings per share were 2.01p [illegible] and the interim dividend [illegible] 1.05p.

Arthur Wood

[illegible] 4 per [illegible] increase in interim [illegible] profits, from [illegible] to [illegible] was achieved by Arthur Wood [illegible] (Longport).

For [illegible] *six* months [illegible] June [illegible] turnover of this maker of earthenware products rose 10 per cent [illegible] £1.71m (£1.55m). Earnings per share [illegible] (1.28p).

Isotron

Isotron, the irradiation service group, announced a 5 per cent [illegible] in pre-tax profits for the year to June 30.

Turnover rose 18 per cent to £6.44m, but trading profit declined slightly to £2.55m (£2.59m); with [illegible] receivable down [illegible] £256,000 (£363,000) [illegible] pre-tax balance fell [illegible] (£2.95m).

Mr Colin Clive, chairman, said all [illegible] group's market [illegible] suffered from [illegible] recession and [illegible] parts [illegible] had [illegible] by [illegible] reforms.

The [illegible] processing business had [illegible] fully integrated [illegible] had [illegible] year.

Earnings per share [illegible] 15.1p (15.5p). The final dividend [illegible] proposed [illegible] for a total of 3.59p [illegible].

Thomas Jourdan

[illegible] Jourdan, [illegible] consumer products group, tumbled from pre-tax profits of [illegible] to losses of [illegible] for the half year to June 30.

Turnover fell 16 per cent to [illegible] (£13.3m). Losses per share worked through at 2.21p (1.92p [illegible]) and [illegible] interim dividend is [illegible] by 1p to 0.5p.

WSP

WSP Holdings, a consulting engineering group, reported [illegible] marginal fall in pre-tax profits from £636,000 to £613,000 in the six months to end-June.

The result was struck on [illegible] slightly reduced to [illegible] and [illegible] payable [illegible]. [illegible] dividend [illegible] unchanged [illegible] 1.1p, payable from earnings per [illegible] (4.9p).

Acquisitive MTM almost doubles profit to £10.3m

By Richard Gourlay

MTM, the specialist chemicals company, yesterday reported a 94 per cent increase in profits as it successfully began to integrate last year's acquisition of Hardwicke, which nearly doubled its fine chemicals production capacity.

Pre-tax profits in the six months to end-June rose from £5.3m to £10.3m on sales up 70 per cent at £61.4m.

Mr Richard Lines, chairman, said organic profits growth, stripping out the effect of last year's series of acquisitions, was about 30 per cent.

Earnings per share rose 8 per cent to 9.2p and the interim dividend is raised 10 per cent to 1.87p.

Net debt since the year end has risen by £28m to £71m, giving gearing of 60 per cent. Mr Lines said that £13m of that increase resulted from the effect of translating dollar debt into sterling for reporting purposes.

Debt had also risen as a result of increased working capital levels, which Mr Lines said was seasonal, and because customers were taking longer to pay.

The trading performance in agro-chemicals was hit by the late spring in the US and Europe which limited growth.

Richard Lines: more being spent on health and safety

Pharmaceutical and research chemicals enjoyed a 70 per cent advance in profits as the company's share of the expanding market continued to grow.

Profits from performance and speciality chemicals – which [redacted] supplied to industrial users for specific tasks, as opposed to fine chemicals which are bought for what they are in terms of chemical specification – also held up.

Mr Lines said that a larger proportion of the capital expenditure budget was being spent on health, safety and environmental investments.

About 30 [redacted] cent of the £7.5m capital spend in the period [redacted] allocated to these investments, which have become increasingly important with the passage of new environmental legislation [redacted]

■ COMMENT

ICI's placing of its [redacted] in March has recently [redacted] MTM's [redacted] to trade [redacted] discount [redacted] sector. But yesterday's results support [redacted] that its targeting [redacted] resilient [redacted] across [redacted] countries is working. In particular, the company's investment in pharmaceutical [redacted] chemicals [redacted] year [redacted] be paying [redacted] dividends. [redacted] is [redacted] level [redacted] debt, exaggerated by translation from [redacted] reporting purposes, [redacted] substantially up. For MTM [redacted] grow [redacted] will have [redacted] make [redacted] acquisitions [redacted] invest heavily in capital equipment, [redacted] which might be difficult at [redacted] levels unless [redacted] paper. This [redacted] James Capel [redacted] forecasting profits [redacted] £23m, giving earnings [redacted] share [redacted] 20.8p, and a prospective multiple [redacted] 12.8.

GrandMet expands into Hungary

By Philip Rawstorne

IDV, Grand Metropolitan's spirits division, has established a wholly-owned drinks importing and trading subsid[redacted] in H[redacted]

In the [redacted] such venture by a leading international drinks [redacted], IDV Hungaria will manage IDV's brands – including J & B Scotch whisky, Smirnoff vodka, and Gilbey's gin – in the local market.

A distribution agreement [redacted] been signed with Hungarovin, the [redacted] Hungarian wine company, whose [redacted] strong [redacted] will be responsible [redacted] promoting and selling the brands throughout the country.

Mr Robert Horvath, a former Hungarovin executive, [redacted] been appointed general [redacted] IDV Hungaria.

IDV's [redacted] in Hungary have until [redacted] been largely restricted to duty free and hard currency [redacted]

Mr Paul Curtis, an IDV director, [redacted] yesterday: "This move offers us the opportunity [redacted] developing our brands not only [redacted] Hungary but in [redacted] whole [redacted] Europe."

Pentos shares rise [redacted] static £2.9m beats City forecasts

By Peggy Hollinger

PENTOS, the bookselling, stationery and office furniture group, yesterday surpassed [redacted] forecasts with [redacted] pretax profits [redacted]

Analysts, [redacted] had [redacted] predicting profits [redacted] between £2m and £2.9m [redacted] the six months [redacted] June [redacted], said the results [redacted] commendable in the cir[redacted] The [redacted] closed up 14p [redacted]

The group [redacted] announced plans for [redacted] nationwide [redacted]counting campaign in the autumn [redacted] could spark [redacted] price war and signal the endof the net [redacted] agreement.

"The [redacted] that one [redacted] four major publishing [redacted] has [redacted] to [redacted] the NBA has changed things dramatically" said Mr Terry Maher, chairman.

[redacted] Group, [redacted] incorporates Octopus, Methuen and Hamlyn, and Andre Deutsch have [redacted] published non-net [redacted]

Discounting would have [redacted] impact on profits, [redacted] Mr Maher. He [redacted] discounting of last year's Booker Prize shortlist, [redacted] a court injunction intervened. [redacted] times higher during the [redacted] days the books were discounted.

Turnover rose from [redacted] to £85.3m. However, profits growth was held [redacted] by a decline in the office furniture division. Retail sales, which incorporate [redacted] Dillons [redacted] shops, Athena print and card stores and Ryman stationery, were ahead [redacted] 33 per cent to [redacted] for trading profits [redacted] (£2.5m).

Mr Maher [redacted] the introduction of electronic point of sale systems in Dillons had had a startling effect on sales in a number of shops.

Hatchards, the loss-making [redacted] bought in August [redacted] better than [redacted] taking [redacted] central costs, [redacted] Mr Patrick Hooper, [redacted]

Earnings [redacted] from 2p [redacted] 1.7p [redacted] interim dividend [redacted] 0.7p (0.6p).

Hambro Countrywide in the red

By David Barchard

RISING COSTS and lapsed policies in its life assurance subsidiary led to an interim loss of £4.26m at Hambro Countrywide, the estate agency and financial services group.

The taxable deficit for the six months to June 30 compared with adjusted profits of £952,000 last time.

Despite lapsing into the red, the group increased market share selling 15 per cent more houses than in the comparable period.

Mr John May, joint managing director, said that the losses had been incurred chiefly because of increased provisions against policy lapses in Hambro [redacted] Assurance, the life assurance subsidiary, and [redacted] developing a direct sales force.

There had also been additional [redacted] in the [redacted] agency branches reflecting staff numbers increased from 2,600 to 2,700.

Turnover was £46.6m, up from £43.53, but life assurance profits were down from £4.85m to £2.89m.

The residential estate agency division benefited from slightly higher commission rates which [redacted] decline in [redacted] prices.

Turnover [redacted] division [redacted] £29.6m, up from £26.3m, but [redacted] rose from £3.03m [redacted]

[redacted] per share were 1.3p against earnings of 0.19p. The interim dividend [redacted] maintained [redacted] nominal 0.05p.

Mr Christopher Sporburg, [redacted] conditions for the remainder [redacted] the year would be tough, but the company continued [redacted] in its strategy [redacted] reducing dependence in the [redacted] term on the housing [redacted]

BOARD MEETINGS

[redacted]

[redacted] AMEC, BAT Inds, [redacted] (Wm), CRH, [redacted] Viyella, [redacted] Intl, Hillsdown, [redacted] Instem, [redacted]A, Senior Engineering, Stat-Plus, T&N, Wimpey (George). Finals- Johannesburg Cons, Travian.

FUTURE DATES

Interims-	
Bemrose	Sep. 10
Bremner	Sep. 12
Burmah Castrol	Sep. 5
Emess	Sep. 12
Highlands & Lowlands	Sep. 12
Morgan Crucible	Sep. 18
Nurdin & Peacock	Sep. 10
Pacific Assets Trust	Sep. 17
Pittard Garnar	Sep. 10
Royal Dutch Petroleum	Sep 12
Shell Transport & Trading	Sep. 12
Smiths Inds	Oct. 8
TT	Sep. 12
Tarmac	Sep. 24
Templeton Galbraith	Sep. 10
Trade Indemnity	Sep. 18
Finals-	
CLF Yeoman	Sep. 5
FII Group	Sep. 16
Palmerston	Sep. 6
Precious Metals Trust	[redacted]
Scholes	[redacted]
Stormgard	Sep [redacted]

Cash returns help boost Short Brothers to £27m

SHORT BROTHERS, the Belfast-based aircraft and mis[redacted] manufacturer, achieved pre-tax profits [redacted] in [redacted] full [redacted] part [redacted] Bombardier, [redacted] Canadian transportation group.

Bombardier [redacted] dividend [redacted] £8m, [redacted] time [redacted] years [redacted] been profitable enough [redacted] a distribution.

Turnover in the [redacted] end-January [redacted] on the previous year's annualised figure. Comparison with [redacted] last accounting period of 10 months [redacted] difficult [redacted] it included six months under government ownership [redacted] in [redacted] private [redacted]

Nevertheless, the results [redacted] changes in working practices under Bombardier

The [redacted] important [redacted] received from [redacted] invested on [redacted] short term basis. Shorts was [redacted] utilise [redacted] reserves [redacted] from the government as part of the [redacted]ments transferring [redacted]pany [redacted] Bombardier.

Mr Roy McNulty, [redacted] director, [redacted] were encouraging and [redacted] company's business plans remained on course.

Shorts is Northern Ireland's [redacted] private employer with [redacted] of [redacted]

COMMODITIES AND AGRICULTURE

EC buys wheat from Hungary to feed Albanians

By David Buchan in Brussels

THE EUROPEAN Commission said yesterday that [redacted] buying [redacted] tonnes [redacted] surplus Hungarian wheat [redacted] give [redacted] food-short Albania.

[redacted] the first such "triangular" operation in the Euro[redacted] Community's aid programme [redacted] Europe, in which [redacted] to [redacted] surplus in one Eastern European country [redacted] deficit in another.

[redacted] proposals by the com[redacted] buy [redacted] Euro[redacted] to [redacted] the much greater food [redacted] the Sovi[redacted] Union have foundered in the [redacted] Ministers, in which a majority [redacted] EC [redacted] have insisted [redacted] Ecu250m (£175m) of EC [redacted] pledged to [redacted] Union should [redacted] out [redacted] EC [redacted]. This will finance [redacted] tonnes [redacted] food, of which [redacted] already been dispatched.

Commission [redacted] said they were unsure whether [redacted] Albanian operation could be [redacted] precedent for aid packages elsewhere. It [redacted] only possible [redacted] the EC [redacted] could [redacted] its [redacted] authority to [redacted] the Ecu5m [redacted] the Hungarian wheat [redacted] of [redacted] already approved for Hungary under [redacted] community's aid programme for [redacted]ern Europe.

[redacted]ing request for approval by EC governments and the European Parliament [redacted] tonnes [redacted] food for Albania, and it announced yesterday [redacted] was raising this request to 100,000 tonnes.

The officials said Albania was desperately short of food, needing some 50,000 tonnes of bread-making wheat a month until the [redacted] harvest in mid-1992 [redacted] maintain adequate lev[redacted] consumption. [redacted] of aid [redacted] pledged by Italy, which [redacted]ious [redacted] keep Albanian refugees out. But [redacted] capacity of Albania's ports [redacted] very limited, [redacted] said, and [redacted] great advantage [redacted] Hungarian wheat was [redacted] it could [redacted] delivered [redacted] immediately by rail.

Brazil and Colombia form coffee task force

PRESIDENT FERNANDO Collor [redacted] Mello of Brazil and President Cesar [redacted] of [redacted] have formed [redacted] force which will, over [redacted] next few [redacted], study the viability [redacted] to hold [redacted] per [redacted] production from [redacted] market, [redacted] Victoria Griffith in [redacted] Paulo.

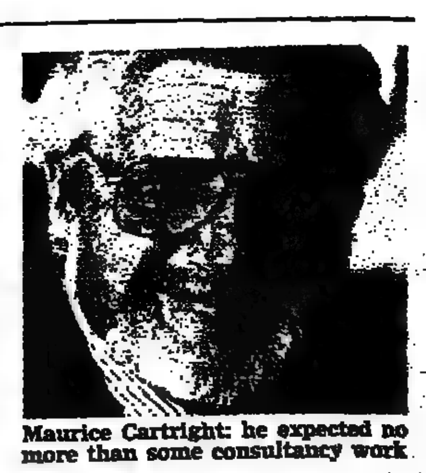
The [redacted] official acknowledgement [redacted] the plan [redacted] the Brazilian [redacted]ernment. Government and pri[redacted] representatives [redacted] part in the [redacted].

The [redacted] to form a unified [redacted] the [redacted] International [redacted] Organisation in London on [redacted] September [redacted].

Mr Jorge Cardenas, president of [redacted] Federation of Colombia, [redacted] his country would receive fin[redacted] for [redacted] through [redacted] banks. It is still uncertain [redacted] will obtain the funds. According to the coffee market here, Funcafe, [redacted] government [redacted], will [redacted] financing, and the private [redacted] will provide [redacted].

Matlock man's Soviet coal coup

Juliet Sychrava talks to the man who bought a Siberian mine



Maurice Cartright: he expected no more than some consultancy work

EARLY THIS [redacted] Mr [redacted] Cartwri[redacted] Matlock, Derbyshire, bought a Siberian coal mine, thus becoming [redacted] first Westerner to own [redacted] Soviet mine. Last Friday he exported [redacted] of coal to Japan and by 1992, he estimates, he will have [redacted] a [redacted] profit of [redacted].

It all began in January, when Mr Cartwright, a [redacted] engineer [redacted] set up his own business three years ago, found himself in [redacted]. "A Muscovite intermediary tipped me off," [redacted] says, [redacted] expected nothing more [redacted] some consultancy work, [redacted] usual [redacted] of [redacted].

[redacted] his [redacted] mine, known as [redacted]losukhinskaya, deep in the heart of Soviet coal mining country in [redacted] Siberia, [redacted] Cartwright [redacted] Igor Aladun, the mine's managing [redacted].

"I [redacted] up [redacted] door. [redacted] they [redacted] Western partner, I thought they wanted an engineering consultant. Talks developed, and I real[redacted] they [redacted] partner."

Three months [redacted] several meetings later, [redacted] British Siberian [redacted] Company, [redacted] Britsico, [redacted]. In July, [redacted] was fully registered [redacted] joint venture – number [redacted].

The UK partners [redacted] Cartwright, Mr Heinz Stolting of the [redacted] coal marketing company Trico AG, [redacted] accountant. The Soviet partners [redacted] ministry, [redacted] railway, [redacted] mine's [redacted] and [redacted] workers, all shareholders. They have [redacted] the local ministry handed it over to the management [redacted] run under [redacted] private [redacted].

Most of [redacted] capital being put [redacted] the venture by [redacted] Cartwright will be spent on modern mining equipment, including [redacted] long wall system in [redacted] Union.

The potential of the mine is [redacted]able. It is set in perhaps the richest coal mining basin in the world, an area the [redacted] of Hungary known [redacted] Basin. With [redacted] of [redacted] tonnes, [redacted] mine produces [redacted] tonnes of high quality coking coal a year. Mr Cartwright [redacted] will double that by 1993.

He will then sell [redacted] the world market, [redacted]. Of [redacted] total production, 1.8m tonnes goes to fill a [redacted] quota, but [redacted] can be transported by rail [redacted] onto ships.

"The main problem is the infrastructure, [redacted] railway," Mr Cartwright says. "There's nothing [redacted] can [redacted] about that."

Apart from that, he [redacted] untroubled by [redacted] in the Soviet Union, although he admits to having some sleepless nights a week [redacted]. One of the mine's directors, [redacted] Yuri Gerold, [redacted] Mr [redacted] Yeltsin, president of [redacted] Federation, and [redacted] with him during [redacted] upheaval.

Mr Cartwright, [redacted] two jobs [redacted] recovering coal from [redacted] in [redacted] and improving procedures for loading coal onto ships in Venezuela and Colombia, is something of a cool customer.

His ambitions do not end with Polosukhinskaya. He has also personally bought Burzass, an opencast pit producing 1.4m tonnes of steam coal, about 300 km (180 miles) away. "It will come on [redacted] in 1992, and I can double [redacted] output," he says.

Equatorial guinea to join African oil league

By Howard [redacted]

EQUATORIAL GUINEA [redacted] in October [redacted] new[redacted] of the West Afri[redacted] producers' league [redacted] the coming on [redacted] of [redacted] Alba gas/condensates [redacted], the first time such a discovery [redacted] developed [redacted] Africa.

Initially, however, only [redacted] condensates in [redacted] Alba field will [redacted] exploited, production is [redacted] of 2,000 bar[redacted] day (b/d), moving [redacted] by [redacted] to [redacted] 4,000-5,000 b/d [redacted].

The Alba field, boasting [redacted] of 42m barrels of [redacted] and 850m cubic feet of gas, was discovered [redacted] mid-[redacted] by Spain's Repsol.

In 1990, a [redacted] of American independents [redacted] by Texas-[redacted] Walter International took [redacted] the licence area, [redacted] north of [redacted] maritime boundary with Cameroon and Nigeria.

To date, only scant explora[redacted] place [redacted] the country despite the fact that it is at the very heart of the Gulf of Guinea, a proven hydrocarbons province.

Holding back exploration [redacted] belief [redacted] men [redacted] Equatorial Guinea's [redacted] plateau [redacted] to be gas-prone. However, [redacted] specialists now reckon that drilling deeper structures [redacted] yield more rewarding results.

Indeed, deeper formations [redacted] the Alba block [redacted] Walter's target in 1993 when it is [redacted].

Other exploration plans in [redacted] Spanish colony involve [redacted] in Rio [redacted] enclave, wedged in [redacted] Cameroon and Gabon.

Soviet metal tide 'may soon ebb'

By Kenneth Gooding, Mining Correspondent

[redacted] METAL exports [redacted] west, [redacted] very sharply [redacted] past [redacted] have peaked, suggests Mr [redacted] Bergtheil, analyst with the [redacted] Capel [redacted].

He [redacted] that, if [redacted] Union [redacted] given [redacted] a [redacted] "the [redacted] attention [redacted] likely to swing back [redacted] production [redacted] Union [redacted] present emphasis [redacted] pushing [redacted] much [redacted] as possible [redacted] for foreign exchange".

Mr Bergtheil, in Capel's International Mining Review, suggests [redacted] exports have increased "simply [redacted] managed [redacted] make the [redacted] production a priority [redacted] internal [redacted] of down[redacted] metal products [redacted] collapsed along with [redacted] economy".

Meanwhile, he points out, most Soviet smelting and refining [redacted]ity has been deteriorating [redacted] the [redacted] required for expansion [redacted] limited. The [redacted] Union [redacted] starved its [redacted] (such [redacted] Cuba) of [redacted] raw [redacted] during the past few [redacted], preferring to sell [redacted] product [redacted] west in exchange for "[redacted]ingful money".

[redacted] Bergtheil recalls [redacted] exports of the [redacted] heavily-traded [redacted] – cop[redacted], aluminium [redacted] – have risen substantially.

Copper exports [redacted] jumped from 30,000 [redacted] in [redacted] last [redacted] and [redacted] running at an annual rate of [redacted] in [redacted] first half of [redacted]. Aluminium exports were up from 170,000 [redacted] and were [redacted] annual [redacted] in [redacted] first half [redacted] exports [redacted] 35,000 [redacted] 78,000 tonnes over [redacted] period and in [redacted] first [redacted] of [redacted] at an annual [redacted] of 120,000 [redacted].

He says [redacted] recovery of the Soviet Union will almost certainly be [redacted] long and slow process. But the Soviet Union will have to divert raw [redacted]materials from exports to local production if it is [redacted] provided adequate living [redacted] for [redacted] people.

[redacted] adds: "It [redacted] possible we [redacted] now seen [redacted] excesses of Soviet metal dumping in the west and that this phase will dovetail perfectly with the revival of western economies, driving metal [redacted] a point where the recent stock build-up is reversed."

● About 10,000 tonnes of [redacted] is in Rotterdam being cut into sizes suitable for delivery to London Metal Exchange registered [redacted] houses, traders [redacted]. If there were [redacted] for [redacted] would [redacted] have to [redacted] cut [redacted] likely to be moved gradually into LME [redacted] they suggest.

The problem stems from a relaxation of state controls enabling Soviet nickel producers to sell directly to world markets. This has caused many sales agencies to spring up and some lack foreign trade experience, they add.

Mr Nick Moore, analyst with Ord Minnett, says the market has already taken account of the Soviet nickel in Rotterdam. He says: "It should not push prices any lower."

German farmers set harvest records

By Christopher Parkes in Bonn

GERMAN FARMERS [redacted] new records for grain production this [redacted]. The [redacted] rose by 2.4 per cent [redacted] 38.5m tonnes despite cuts in [redacted] cultivation and a [redacted] drop in yields in [redacted] former East Germany. Surplus supplies put further downward pressure on prices, [redacted] ministry [redacted].

Lower market prices and ris[redacted] input [redacted] resulted [redacted] 25 per cent drop in [redacted] farmers' incomes over [redacted] past two years, the ministry added, and new season cereal prices were already between DM1 (34p) and DM2 [redacted] tonne lower than last year's.

Almost 28m tonnes of the total harvest came from the west, where 500,000 fewer hectares than last year were sown – [redacted] of 0.9 [redacted] cent. However, a 7 per [redacted] in yields to 62 quintals (100 [redacted] each) a [redacted] more [redacted]pensated for [redacted] cuts.

The [redacted] under grain in [redacted] east fell almost 17 per cent and [redacted] dropped [redacted] more [redacted] quintals. Next [redacted], according [redacted] estimates, [redacted] are expected [redacted] plantings by a [redacted] 500,000 hectares.

■ A big decline in [redacted] quality bread-making wheat in the UK has led to a wide premium emerging [redacted] wheat this year.

The Home Grown Cereals Authority said yesterday that, while there were as yet no figures for the total harvest, seed certification figures showed [redacted] only 21 [redacted] of the [redacted] sown [redacted] year was [redacted] bread-making quality, compared [redacted] per [redacted] and 41 per [redacted] the [redacted]. This [redacted] UK [redacted] expected [redacted] total around 15m tonnes.

Milling quality [redacted] for delivery [redacted] September in [redacted] Anglia [redacted] tonne, compared with [redacted] for [redacted] wheat, the authority [redacted]. However, since the har[redacted] started, [redacted] premium has begun to fall as quality appears better than was expected.

Farmers expect [redacted] fair premium for bread-making wheat, as the yields on such high-protein [redacted] are lower. In the last coup[redacted] of years the premium [redacted] fallen [redacted] low [redacted] to 24 a tonne.

Norwegian platform on stream ahead of schedule

By Karen Fossli in Oslo

THE [redacted]EGIAN North Sea Oseberg C platform, operated by Norsk Hydro, Norway's biggest publicly-quoted [redacted], has come on [redacted] one [redacted] early and is set [redacted] boost domestic crude oil output to beyond [redacted] a day by October or November, surpassing Britain [redacted] Europe's biggest [redacted] producer.

Initial output from [redacted] NKr10bn (£870m) platform is estimated [redacted] about [redacted] barrels a day but [redacted] expected to achieve design capacity [redacted] the [redacted] two months.

In [redacted] Norway produced a [redacted] 1.96m barrels a day but that was reduced sharply during summer platform [redacted]nance programmes.

Oseberg [redacted] is [redacted] (8.5 miles) [redacted] of the [redacted] Oseberg platform which produces 320,000 [redacted] a day [redacted] crude.

[redacted] C platform [redacted] production, the Oseberg field will [redacted] Gullfaks field [redacted] produces 360,000 [redacted] of crude oil [redacted] day, and will become Norway's [redacted] producer after [redacted], [redacted] about 750,000 [redacted] a day.

Pressure [redacted] in [redacted] reservoir to boost crude oil output [redacted] helped by re-injection of the gas from Oseberg C.

OECD says sugar policies depress prices

By David Blackwell

[redacted] POLICIES in the developed world have cut [redacted] prices by [redacted] 5 and 10 per cent, [redacted] study by the Paris based Organisation for Economic Co-operation and Development suggests.

In addition, OECD policies "increase world price variability by around 15 to 30 per cent, in particular by shifting the burden of adjustment [redacted] world [redacted] onto [redacted] countries [redacted] exporting domestic shocks [redacted] world market".

Support is [redacted] mainly through [redacted] prices, which also helps [redacted]ducers of [redacted]ers, [redacted] OECD points out. "By encouraging the development [redacted] substitutes to [redacted] policies [redacted] to lower [redacted] consumption levels, lower returns to [redacted] producers and higher [redacted] policy operation, and therefore pose [redacted] threat to the sustainability of the policies themselves in their current form."

World [redacted] been low[redacted] and distorted, [redacted] report suggests. Two studies have [redacted] developing country exports to be about 3.5m [redacted] lower than they [redacted] have been.

Changes to [redacted] countries' policies "will [redacted] if market signals are to play [redacted] greater role in allocating [redacted] in the world sugar market", the report [redacted]. *The Impact of [redacted] on [redacted] Structure and Functioning [redacted] the World Sugar [redacted]. [redacted] (91)118. [redacted] Rue Andre Pasco, 75775 Paris Cedex [redacted]*

MINOR METALS PRICES

[redacted] Bulletin (last [redacted] in brackets).

ANTIMONY: European free market 99.6 per cent, $ per tonne, in [redacted] 1,640-1,670 (same).

BISMUTH: European free market, min. [redacted] cent, [redacted] per lb, [redacted] in warehouse, [redacted] (same).

CADMIUM: European [redacted] market, min. 99.5 [redacted] cent, $ [redacted] lb, in warehouse, 1.95-2.15 (1.45-1.70).

COBALT: European [redacted] market, [redacted] per cent, [redacted] lb, in warehouse, 13.85-14.30 (13.60-14.00).

MERCURY: European free market, min. [redacted] cent, [redacted] lb [redacted] in warehouse, [redacted] (same).

MOLYBDENUM: European free market, drummed molybdic oxide, [redacted] per lb Mo, in [redacted]house, [redacted] (2.30-2.35).

SELENIUM: European free market, min 99.5 per cent, $ per lb, in warehouse, [redacted].

TUNGSTEN ORE: European free [redacted], standard min. 65 per cent, $ per tonne unit (10 kg) WO_3, cif, 59-67 (same).

VANADIUM: European [redacted] market, min. 98 per cent, [redacted] lb V_2O_5, [redacted] (2.25-2.45).

URANIUM: Nuexco exchange /value, $ [redacted] lb, U_3O_8, [redacted] (same).

LME WAREHOUSE [redacted]
[redacted] at Monday's close)
tonnes

[redacted]		
Copper	+3,800	to 307,050
Lead	+1,300	to 94,525
Nickel	[redacted]	[redacted]
[redacted]	[redacted]	to 141,775
Tin	[redacted]	[redacted]

WORLD COMMODITIES PRICES

MARKET REPORT

Nickel prices closed just [redacted] nine-month [redacted] struck earlier [redacted] the LME. [redacted] losses were prompted by the recent breakdown below $8,000 [redacted] tonne for three-month metal as well as a 492-tonne rise in LME nickel stocks to a two-month high [redacted] 7,224 [redacted]. Expectations [redacted] demand from [redacted] mills will be [redacted] seen [redacted] year [redacted] likely [redacted] keep [redacted] market under pressure, although further price falls could result in production cuts, they [redacted]. Copper closed steady, with the market awaiting today's option declarations. [redacted] sugge[redacted] that [redacted] 1,000 [redacted] 2,000 lots of September [redacted] call options may be declared, [redacted] heighten [redacted] the September delivery date, where nearby tightness is centred. This helped the market to shrug [redacted] news that LME stocks [redacted] by 3,800 tonnes to 307,050. On the bullion market silver and platinum moved ahead. [redacted] said that silver had [redacted] its previous 390-400 [redacted] a troy ounce range, [redacted] previous [redacted] 390 now [redacted] support. Platinum [redacted] in the [redacted] of [redacted] overnight short-covering rally in Tokyo and [redacted] shift in sentiment towards the view th[redacted] the [redacted] might now recover to parity with gold.

Compiled from [redacted]

London Markets

SPOT MARKETS

Crude oil (per barrel FOB)		+ or -
Dubai	$17.35-7.45z	-.075
Brent Blend (dated)	$20.45-0.60	-.125
Brent Blend (Oct)	$20.[redacted]	-.125
W.T.I. (1 pm [redacted])	$22.10-2.15z	
Oil products (NWE prompt delivery per tonne CIF)		**+ or -**
Premium Gasoline	$243-245	+2
[redacted]	[redacted]	-3
Heavy [redacted] Oil	$72-74	
Naphtha	$207-209	-7
[redacted] Argus [redacted]		
Other		**+ or -**
[redacted] oz)♣	[redacted]	+0.4
[redacted] (per [redacted])	391.5c	+8.0
Platinum (per troy oz)	[redacted]	+1.9
Palladium (per troy oz)	[redacted]	-0.65
Copper (US Producer)	[redacted]	+0.1
Lead (US Producer)	36.4c	
Tin (Kuala Lumpur market)	15.15r	
Tin ([redacted] York)	259.0c	-1.0
[redacted] Western)	[redacted]	
Cattle (live weight)†	105.11p	-0.11*
Sheep (dead weight)†	118.84	-1.7[redacted]
P[redacted] weight)†	64.47p	-1.7[redacted]
[redacted] sugar (raw)	$231.0q	[redacted]
London daily sugar (white)	$269.0q	+1.0
Tate and Lyle export price	£245.0	-1.0
Barley (English feed)	£112.5	
Maize (US No 3 yellow)	£180	
Wheat (US Dark [redacted])	£101.5	
Rubber (Oct)♥	52.00p	[redacted]
Rubber (Nov)♥	52.50p	[redacted]
[redacted] (KL RSS No 1 Sep)	226.50	[redacted]
Coconut oil (Philippines)§	$440.0q	
Palm Oil (Malaysian)§	$320.0t	
Copra (Philippines)§	$280†	-5
Soyabeans (US)	[redacted]0	-0.5
[redacted] "A" [redacted]	71.55c	
[redacted]	[redacted]	[redacted]

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. q-Sep/Oct t-Aug/Dec u-Sep x-Jul/Aug y-Aug/Sep z-Oct †-Oct/Nov. †Meat [redacted] average [redacted] prices. * [redacted] a week [redacted] ♥London physical market. §CIF [redacted] market close. [redacted]

SUGAR – London FOX ($ per tonne)

Raw	Close	[redacted]	High/Low	
[redacted]	198.20	[redacted]	[redacted]	196.00
Dec	[redacted]	[redacted]	[redacted]	
Mar	[redacted]	[redacted]	[redacted]	184.20
White	[redacted]	[redacted]	[redacted]	
Oct	280.7	283.0	282.2	280.0
Dec	276.7		[redacted]	276.0
Mar	275.6		276.5	273.5
May	274.6		274.2	273.6

Turnover: Raw 167 (291) lots of 50 tonnes. White 2993 (27)
Paris- White (FFr per tonne): Oct 657, Dec 646

CRUDE OIL – [redacted]

	[redacted]	[redacted]	High/Low	
[redacted]	20.56	20.63	20.58	20.46
[redacted]	[redacted]	[redacted]	20.52	20.44
[redacted]	[redacted]	[redacted]	20.45	20.37
Jan	20.33	20.33	20.33	20.24
Feb	20.18		20.18	20.11
Mar	[redacted]		20.10	
IPE Index	[redacted]	[redacted]		

[redacted]

GAS OIL – IPE [redacted]

	Latest	Previous	High/Low	
Sep	198.00	199.50	[redacted]	[redacted]
Oct	[redacted]	[redacted]	200.00	[redacted]
Nov	200.75	202.50	201.75	200.25
Dec	201.75	202.50	202.00	200.25
Jan	[redacted]	200.25	[redacted]	[redacted]
Feb	[redacted]	194.00	[redacted]	193.50
Mar	[redacted]		[redacted]	
Apr	[redacted]		[redacted]	181.00

Turnover 8975 (5338)lots of 100 tonnes

COTTON
LIVERPOOL - Spot and shipment sales for the week ending 30 August amounted to 300 tonnes against 275 tonnes in the previous week. Sales were low with interest shown in American and Russian growth.

JUTE
September/October: c and f Dundee: BTC $425, BWC $425, BTD $390, BWD $385; c and f Antwerp: BTC $400, BWC $395, BTD $375, BWD $370.

COCOA – London FOX [redacted]

	[redacted]	[redacted]	High/Low	
Sep	663	663	[redacted]	655
Dec	719	[redacted]	722	708
Mar	757	[redacted]	760	743
May	776	762	778	762
Jul	796	782	797	782
[redacted]	[redacted]	802	817	803
Dec	[redacted]	825	840	825
Mar	866	[redacted]	866	860
May	882	[redacted]	882	
Jul	896	882	[redacted]	895

[redacted] 5632 [redacted] lots [redacted]
ICCO [redacted] 2 - [redacted] 10 [redacted] 3 - (653.71)

COFFEE – London FOX £/tonne

	[redacted]	[redacted]	High/Low	
[redacted]	523	520	530	[redacted]
[redacted]	550	548	555	[redacted]
Jan	[redacted]	[redacted]	[redacted]	569
Mar	[redacted]	[redacted]	[redacted]	567

Turnover:3472 (5528) lots of 5 tonnes
ICO indicator prices (US cents per pound) [redacted] Sep 2 : Comp. daily - (66.14) 15 day average - (63.22)

POTATOES – [redacted] FOX [redacted]

	[redacted]	Previous	High/Low	
Apr	[redacted]	[redacted]	121.6	118.5

[redacted] 198 [redacted] of 20 [redacted]

SOYAMEAL – [redacted] FOX £/tonne

	[redacted]	[redacted]	High/Low
[redacted]	[redacted]	[redacted]	[redacted]

Turnover 10 (54) lots of 20 tonnes.

FREIGHT – London FOX $10/index point

	[redacted]	[redacted]	High/Low	
[redacted]	1615		[redacted]	[redacted]
[redacted]	1695	1724	[redacted]	[redacted]
[redacted]	1705		[redacted]	[redacted]
Apr	[redacted]		[redacted]	
Jul	[redacted]		[redacted]	
Oct	1538		1530	
[redacted]	1546	1546		

[redacted]

GRAINS – London FOX [redacted]

[redacted]	[redacted]	[redacted]	High/Low	
[redacted]	113.10	112.90	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	116.30
Jan	119.80		119.80	119.50
Mar	123.30	123.40	123.40	123.20
May	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	**High/Low**	
[redacted]	110.30	110.40	110.30	
[redacted]	113.40	113.50	113.40	
Jan	117.05		117.05	
May	121.15		121.05	

Turnover: Wheat 398 (115), Barley 65 (20). Turnover lots of 100 tonnes.

[redacted] – [redacted] FOX [redacted]

	Close	Previous	High/Low
Nov	103.5	103.5	103.5
Jan	[redacted]	[redacted]	103.5

[redacted] of [redacted]

[redacted] – London FOX

	Close	Prev.	High	Low	Vol
[redacted]	[redacted]	[redacted]			
[redacted]	138.50	138.30	[redacted]	138.20	54
[redacted]	136.70	138.50	[redacted]	136.50	70
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	139.30	[redacted]	80
[redacted]	[redacted]		139.80		10

[redacted] METAL EXCHANGE (Prices [redacted] by [redacted] Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open Interest
Aluminium, 99.7% [redacted] ($ [redacted] tonne)					Total daily turnover 13,382 [redacted]	
Cash	1249-50	[redacted]	1253/1249	1252-3		
3 [redacted]	1280-1	[redacted]	1285/1280	1283-4	[redacted]	[redacted]
Copper, Grade A (£ per tonne)					Total daily turnover [redacted]	
Cash	1353-5	1358-9	1364	1357-7.5		
3 [redacted]	[redacted]	1365-7	1365/1358.5	1353-3.5	1362-3	[redacted] lots
Lead (£ per tonne)					[redacted] daily [redacted]	
Cash	312.5-3.5	316-7	314	313.75-4.25		
3 months	325.5-6.0	328.5-9.0	328/325	326-6.5	325.5-26.0	1,[redacted]
Nickel ($ [redacted])					Total [redacted] 2,147 [redacted]	
Cash	7775-85	7850-[redacted]	7810	[redacted]		
3 months	7615-20	7670-5	7650/7780	[redacted]	7620-5	1,716 [redacted]
Tin ($ per tonne)					Total daily turnover 740 lots	
Cash	5570-80	5575-85	5776/5576	[redacted]		
3 months	5650-60	5660-70	5665	5650-60	5651-5	[redacted] lots
[redacted] ($ per [redacted])					Total [redacted]	
Cash	1023-5	1023-5	1025/1024.5	1024.5-5.0		
3 months	1039-40	1285-6	1040/1037	1039-40	[redacted]	[redacted] lots

LME Closing [redacted]
[redacted] [redacted] [redacted] [redacted]

LONDON BULLION MARKET
[redacted] N.M[redacted]

Gold (fine oz) $ price		£ [redacted]
[redacted]	348.30-348.70	
Opening	[redacted]-349.20	
Morning [redacted]	[redacted]	206.451
[redacted] fix	[redacted]	205.350
Day's high	349.50-349.90	
Day's low	348.50-348.90	

Loco Ldn [redacted] Gold Lending Rates (Vs US$)

1 month	5.20	[redacted]	5.00
2 months	5.15	[redacted]	4.99
3 months	5.07		

[redacted]	p/fine oz	US cts equiv
[redacted]	229.04	387.35
[redacted]	235.00	392.65
6 months	[redacted]	398.50
12 months	[redacted]	411.15

GOLD COINS
[redacted]

	$ price	£ equivalent
Kruger[redacted]	347.50-348.50	205.50-206.00
Maple leaf	357.50-358.00	211.50-212.00
New Sovereign	[redacted]	49.50-50.00

TRADED OPTIONS

Coffee	[redacted]	[redacted]	Nov	Jan
500	51	74	[redacted]	4
[redacted]	15	[redacted]	[redacted]	16
600	3	[redacted]	[redacted]	45
Cocoa	[redacted]	[redacted]	[redacted]	**Mar**
[redacted]	51	[redacted]	32	[redacted]
725	35	[redacted]	44	[redacted]
750	[redacted]	61	60	86

[redacted]	Oct	Nov	Oct	Nov
[redacted]	53	82	16	55
[redacted]	20	[redacted]		
2150				

New York

GOLD 100 troy oz.; $/troy oz.

	[redacted]	[redacted]	[redacted]	
Sep	348.3	348.1	0	0
Oct	349.7	349.6	350.0	347.7
[redacted]	[redacted]	351.3	[redacted]	[redacted]
[redacted]	352.9	352.9	353.4	350.6
Feb	356.0	356.0	358.0	353.8
Apr	359.0	359.0	358.6	356.5
Jun	[redacted]	[redacted]	362.1	360.5
Aug	[redacted]	[redacted]	0	0
Oct	[redacted]	368.4	0	0

PLATINUM 50 troy oz; $/troy oz.

	[redacted]	[redacted]	[redacted]	
Oct	[redacted]	[redacted]	[redacted]	[redacted]
Jan	[redacted]	[redacted]	[redacted]	[redacted]
Apr	[redacted]	[redacted]	[redacted]	[redacted]
Jul	357.1	[redacted]	354.0	354.0
Oct	364.1	[redacted]	0	0

SILVER 5,000 troy oz; cents/troy oz.

	[redacted]	[redacted]	[redacted]	
[redacted]	390.5	[redacted]	[redacted]	[redacted]
[redacted]	392.2	[redacted]	0	[redacted]
Nov	[redacted]	[redacted]	0	[redacted]
Dec	398.8	387.0	397.5	388.0
[redacted]	398.2	388.4	0	0
Mar	403.4	393.5	403.6	395.0
May	408.0	398.0	408.5	400.5
Jul	412.4	402.3	412.5	404.5
Sep	417.2	407.0	0	0
[redacted]	424.6	414.3	415.0	415.0

HIGH GRADE COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Sep	104.45	104.30	104.70	104.00
Oct	103.95	103.75	104.20	103.65
Nov	103.60	103.45	103.40	103.40
Dec	103.30	103.15	103.70	102.80
Jan	102.55	102.45	0	0
Feb	102.05	101.95	0	0
Mar	101.45	101.30	101.70	101.25
Apr	100.90	100.75	0	0
May	100.35	100.20	100.60	100.30
Jun	99.90	99.75	99.75	99.75

CRUDE OIL (Light) 42,000 US galls $/barrel

	[redacted]	[redacted]	[redacted]	
Oct	22.21	22.26	[redacted]	22.05
[redacted]	22.10	[redacted]	22.11	21.97
Dec	[redacted]	[redacted]	21.97	21.87
Jan	[redacted]	[redacted]	21.80	21.76
Feb	21.68	21.70	21.66	21.60
Apr	21.36	21.38	[redacted]	21.27
May	21.20	21.25	21.20	21.12
[redacted]	[redacted]	[redacted]	20.97	20.97

HEATING OIL 42,000 US [redacted]

	[redacted]	Previous	High/Low	
Oct	[redacted]	6486	6475	6425
[redacted]	[redacted]	6660	6650	6615
[redacted]	6645	6663	6650	6625
Feb	6480	[redacted]	[redacted]	6465
Mar	6220	[redacted]	6240	6205
Apr	5975	[redacted]	5985	5985
[redacted]	5648	[redacted]	5725	[redacted]

COCOA 10 tonnes;$/tonnes

	Close	[redacted]	[redacted]	
Sep	1085	1038	1080	1075
Dec	1128	1091	1141	1115
Mar	1176	1140	1188	1166
May	1202	1167	1212	1196
Jul	1228	1193	0	0
Sep	1252	1216	0	0
[redacted]	1286	[redacted]	1293	1292
Mar	1320	1283	0	0
May	1343	1306	0	0
[redacted]	1370	1333	0	0

COFFEE "C" [redacted] cents/lbs

	[redacted]	[redacted]	High/Low	
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Dec	[redacted]	[redacted]	90.00	[redacted]
Mar	[redacted]	[redacted]	93.40	[redacted]
May	94.90	[redacted]	[redacted]	[redacted]
Jul	97.50	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	99.30	99.60	99.25
[redacted]	[redacted]	102.40	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High[redacted]	
Oct	[redacted]	[redacted]	[redacted]	8.71
Mar	[redacted]	[redacted]	[redacted]	8.26
May	[redacted]	8.31	8.34	[redacted]
Jul	[redacted]	[redacted]	8.33	8.27
Oct	[redacted]	[redacted]	8.30	8.30

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
[redacted]	66.50	65.50	66.80	65.10
[redacted]	66.63	66.06	67.27	65.65
[redacted]	[redacted]	67.15	[redacted]	[redacted]
[redacted]	[redacted]	67.[redacted]	68.85	67.80
Jul	[redacted]	68.10	68.15	68.50
[redacted]	[redacted]	67.30	67.35	67.25
[redacted]	[redacted]	67.25	67.25	67.05

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
Sep	118.90	119.50	119.30	118.75
Nov	118.60	119.35	120.00	118.50
Jan	117.50	117.30	117.80	117.50
Mar	118.70	118.80	118.95	118.70
May	119.50	119.45	119.25	118.75
Jul	119.50	119.45	0	0
Sep	119.50	119.45	0	0
Nov	119.50	119.45	0	0
Jan	119.50	119.45	0	0

INDICES

REUTERS (Base: September 18 1931 = 100)

Sep 3	Sep 2	mnth ago	yr ago
1659.6	1660.3	1686.4	1803.3

DOW JONES (Base: Dec. 31 1974 = 100)

	Sep 2	Aug 30	mnth ago	yr ago
Spot	-	116.92	[redacted]	[redacted]
Futures	-	122.23	[redacted]	[redacted]

Chicago

SOYABEANS 5,000 bu min; cents/60lb [redacted]

	Close	[redacted]	High/Low	
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Jan	598/4	600/6	[redacted]	597/4
Mar	[redacted]	611/0	[redacted]	607/6
May	615/4	[redacted]	622/0	[redacted]
Jul	619/2	[redacted]	626/0	[redacted]
[redacted]	[redacted]	[redacted]	621/0	615/0
[redacted]	[redacted]	[redacted]	598/0	589/0

[redacted] OIL 60,000 lbs; cents/lb

	[redacted]	[redacted]	High/Low	
[redacted]	[redacted]	20.17	[redacted]	19.90
[redacted]	[redacted]	20.22	[redacted]	20.00
[redacted]	[redacted]	20.55	20.66	[redacted]
Jan	[redacted]	20.73	21.02	20.62
Mar	[redacted]	21.07	21.37	20.97
May	21.17	21.32	[redacted]	21.16
Jul	21.42	21.57	[redacted]	21.40
Aug	21.50	21.[redacted]	0	0

SOYABEAN MEAL 100 [redacted]

	Close	Pr[redacted]	High/Low	
[redacted]	[redacted]	190.0	191.1	189.3
Oct	188.4	188.2	189.1	187.2
Dec	[redacted]	[redacted]	188.0	[redacted]
Jan	185.7	185.5	187.0	184.8
Mar	185.0	184.1	185.8	184.0
May	[redacted]	[redacted]	[redacted]	182.7
Jul	[redacted]	[redacted]	[redacted]	182.0
Aug	182.0	182.0	182.5	[redacted]

MAIZE 5,000 bu min; cents/56lb bushel

	[redacted]	[redacted]	High/Low	
Sep	249/0	[redacted]	250/6	[redacted]
Dec	254/2	254/6	[redacted]	253/6
Mar	261/2	262/2	[redacted]	261/0
May	[redacted]	[redacted]	268/2	265/6
Jul	[redacted]	[redacted]	270/4	268/0
Sep	[redacted]	[redacted]	[redacted]	[redacted]
Dec	[redacted]	[redacted]	[redacted]	[redacted]

WHEAT 5,000 bu min; [redacted]

	[redacted]	Previous	High/Low	
[redacted]	[redacted]	[redacted]	315/6	[redacted]
[redacted]	[redacted]		326/0	[redacted]
Mar	328/2	324/4	329/0	325/0
May	319/4	315/4	320/4	[redacted]
[redacted]	[redacted]	308/0	311/4	[redacted]
[redacted]	[redacted]	[redacted]	0	0

LIVE CATTLE 40,000 lbs; [redacted]

	Close	Previous	High/Low	
Oct	69.95	70.05	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Feb	[redacted]	[redacted]	72.30	[redacted]
Apr	[redacted]	[redacted]	[redacted]	[redacted]
Jun	70.85	71.10	[redacted]	70.75
Aug	69.50	69.70	[redacted]	69.35

LIVE HOGS 30,000 lb; cents/lbs

	Close	Previous	High/Low	
Oct	43.70	44.17	44.10	43.55
Dec	43.55	43.77	[redacted]	[redacted]
Feb	[redacted]	43.47	[redacted]	[redacted]
Apr	[redacted]	41.97	42.02	[redacted]
Jun	46.17	46.15	46.40	[redacted]
Jul	46.07	46.07	46.20	0
Aug	44.67	44.65	44.90	44.65

PORK BELLIES [redacted]

	Close	Previous	High/Low	
Feb	[redacted]	[redacted]	[redacted]	[redacted]
Mar	[redacted]	[redacted]	[redacted]	45.95
May	47.25	[redacted]	[redacted]	46.65
Jul	[redacted]	48.30	0	47.50
Aug	[redacted]	45.10	45.75	45.30

LONDON STOCK EXCHANGE

Profits taken as shares turn cautious

By Terry Byland, UK Stock Market Editor

Account Dealing Dates		
*First Dealings: Aug 12	Sep 2	Sep [illegible]
Option Declarations: Aug 29	Sep 12	Sep 26
Last Dealings: Aug 30	Sep 13	Sep 27
Account Day: Sep 9	Sep 23	Oct 7

*New-time dealings may take place from 8.30 am two business days earlier.

HINTS OF an impending rights issue restrained the London stock market yesterday and with Wall Street making a slow return from the Labor Day holiday, UK stocks gave up about one third of the gains achieved in the previous session.

Many of the stocks tipped as bid favourites on Monday slipped back yesterday and the market looked cautious ahead of the heavy list of corporate profits news due over the next fortnight. Increased Seaq turnover of 432.3m shares, against 368m on Monday, indicated some profit-taking by investors, although traders said that intra-market business was also brisk.

The FT-SE Index closed 10.6 off at 2,669.0, having touched 2,667.1 at the day's low. In early trading, the market moved erratically, gaining four points on the Footsie scale with the help of an initial improvement in the Footsie futures contract. However, the subsequent fall in share prices reflected selling by investors.

While generally disturbed by fears of a rights issue, traders were in disagreement when it came to naming names. Several analysts doubted that rights issues, in current trading conditions, need be linked to corporate profits announcements. They pointed out that fund-raisers are now likely to be driven by opportunistic motives linked to the present strength of equities and by doubts over whether these levels will be held in the short term.

The underlying tone of the equity market remained one of optimism on the domestic front, but balanced by some caution on the international side. A sluggish performance by other European markets emphasised London's inclination to hold back ahead of publication on Friday of the latest employment data from across the Atlantic, which will give further evidence of economic trends in the US.

Some UK analysts, notably [redacted] economics team at Smith New Court, suggested that domestic base rates might be cut by another half point following the August Retail Price Index figures, due next week on August 13. The Smith New Court team also predicted that the headline rate on domestic inflation could drop to 3.3 per cent by October this year, underpinning market sentiment and further bolstering the Conservative government's standing in the public opinion polls.

Other equity strategists remained optimistic on prospects for the London stock market. Kleinwort Benson Securities maintained that the Footsie is "on target" to reach the 3,000 level, encouraged by falling inflation, further base rate cuts, increasing signs of economic recovery, an approaching upturn in earnings, reduced fears of higher German interest rates and Wall Street's strength.

However, the UK merchant bank also admits that the economic recovery may disappoint and that forthcoming rights issues and the political outlook could cloud the outlook for equities. Overhanging other factors is the uncertain timing for a UK general election, although few strategists now expect an election this year.

At Hoare Govett, Mr Richard Lake believes [redacted] 73 per cent of the Footsie stocks are now in bullish trends and that the Footsie is set for 2,750 over the short-term. Yamaichi International (Europe) believes that expectations of a Footsie at 2,800 in twelve months time "are not overly ambitious."

Selling bout hits Wellcome

THE commencement yesterday of a series of presentations to analysts by Wellcome, the pharmaceuticals group, prompted a sharp fall in the share price after the company voiced concern over the performance of its Aids drug Retrovir. The shares fell 21 during early trading but recovered to close 14 off at 746p after a turnover of 1.3m, very heavy for the stock.

The company told pharmaceutical specialists that the drug was being used by Aids sufferers but not being taken up by people who were merely HIV positive. As a result, Lehman Brothers cut back its forecast for Wellcome's 1992 profits by £20m to £460m and its 1993 estimate by £30m to 570m.

Lehman, which had been one of the optimists on Wellcome, was the first securities house to be visited by the company. The cut drew attention away from a slight upgrade in forecasts by Robert Fleming.

Mr Franc Gregori of Fleming said: "We already had a conservative estimate on Retrovir and we are slightly more positive on the prospects for the company's anti-herpes drug Zovirax."

Waters active

Water shares opened on a strong note, boosted by the late burst of buying activity on Monday, but then ran back as the market reacted to news that Ofwat, the water industry regulator, had agreed licence changes with the English and Welsh water companies, ensuring that diversification does not harm existing customers.

A subsequent statement from Ofwat was regarded as more conciliatory and share prices stabilised to close with just some minor losses on the day. Also affecting trading in the waters was the impact of the exceptionally heavy dealing late on Monday.

Big deals carried out then affected Anglian, which closed 5 higher yesterday at 385p, Severn Trent, 6 up at 350p, Thames, 3 firmer at 381p, and Yorkshire, 3 ahead at 400p.

Reuters optimism

Reuters was one of the big gainers in the Footsie yesterday as the market picked up talk that problems over the company's two new dealing systems could be coming to an end. The shares rose 11 to 908p, the first time they have been above 900p since Reuters announced in August last year that it was having trouble with the systems – Dealing 2000-2 and Globex.

Mr Brian Newman of Henderson Crosthwaite said: "There is speculation in the trade that the two systems should become revenue producers in the first quarter of next year. Also, a number of US houses [redacted] turned buyers in the past week." He added that the rise was further helped by breaking through of what several analysts consider a significant chart barrier.

Glaxo slipped back 15 to 1358p after a recent strong performance. The company was informed yesterday that the holding of Glaxo shares in the US had been boosted by 14m to 330m over the past two months. More than 22 per cent of Glaxo's shares are now held in the form of American Depositary Receipts (ADRs) by the Bank of New York.

Taylor Woodrow fell 12 to 213p on 2.2m as the market gave the thumbs down to interim figures showing profits down from £38m to £25.2m and an unchanged dividend.

Analyst began chopping full-year forecasts; Robert Fleming Securities lowered its 1991 estimates from £60m to £45m and next year's from £74m to £55m.

The broker said investors wanting exposure to the contracting sector should switch into Laing; on 27 times earnings for this year and 24 times for next year, Taylor's shares are not the obvious UK housing recovery play, Fleming went on to say.

Guinness was the main feature among drink stocks on talk that the company would announce a share split with figures due later this month. The shares added 5 at 1033p, helped by a squeeze and a buy recommendation from Hoare Govett. Turnover reached 1.5m.

Bass followed the market lower, shedding 9 to 994p on 1.2m. BZW remained buyers of the stock, but while sticking to its profits forecast of £490m for the year to September 1991, it cut back 1992 expectations by £25m to £580m.

Profit-taking after Monday's run weakened Allied-Lyons. The shares eased 5 to 612p.

Dealers spoke of a determined seller of BP shares, which fell away to close a net 4½ lower at 349½p on above average turnover of 5.4m. Shell, on the other hand, moved up 4 more to 537p on good turnover of 2.8m as a number of brokers took the view that the shares had been oversold. Switching out of BP and into Shell was also reported.

Stories of an imminent rights issue continued to take the shine off Burmah-Castrol, leaving the stock a fraction easier on the day at 595p. Specialists refused to write off the chances of a cash call from the lubricants group and highlighted the company's 60 per cent gearing.

Premier Consolidated put on 1½ to 35½p after being [redacted] mended by Strauss Turnbull; the broker highlighted the value of Premier's stake in the Wytch Farm and the potential of its forthcoming drilling programme in the Gulf of Thailand.

The food retailing sector was given a boost as Kleinwort Benson issued a circular which argued that the worries over a supermarket price war had been exaggerated. It advised investors [redacted] bring their holdings of food retailers back to the [redacted] of other sectors. [redacted] particular favourites were J. Sainsbury, up 2 at 367p, and Tesco, 4 firmer at [redacted].

Pentos moved ahead 14 to 163p as the UK's second biggest bookseller announced interim results that surpassed most analysts' forecasts.

Sears was again a busy two-way market with 7.5m shares changing hands. The stock closed a penny firmer at 90p. Reports of a large seller caused Kingfisher to weaken 9 to 572p.

Concern over its Australian operations depressed BTR, which fell 9½ to 432½p ahead of tomorrow's interim results.

Industrial management group Tomkins hit an all-time high of 400p (up 4 on the day) as buyers looked towards recovery in the US.

Radiant Metal gained 13 to 108p. It has risen sharply over the past few days from a low of 70p as one institution has taken interest in the stock.

Results for Bowater were better than even the most optimistic expectations and the shares rose 8 in early trading. However, the accompanying chairman's statement cast doubts on improvement in the second half. The shares slipped back to close 2 off at 69[redacted].

Suggestions at an analysts meeting of a possible upturn in IMI's UK markets in the first quarter of 1992 lifted the shares 7 to 265p in spite of news of interim profits down 37 per cent at £40.1m.

Bargain hunters at Smith New Court lifted British Aerospace out of the doldrums but sellers late in the session brought it back from the day's high to end a net 2 up at 549p.

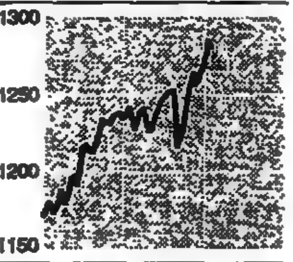
Vickers were wanted and the shares firmed 8 to 214p. Dowty gave up 7 to 181p on a reported downgrading from Kleinwort Benson. A squeeze benefited BM Group, 13 up at 373p. Westland Group continued to be cheered by the company's winning (together with IBM) of the order for 44 Merlin EH101 helicopters. The shares added 5 at 140p.

The announcement that Hickson International was preparing to sell its flooring subsidiary to footwear and fabric group Headlam for £10.5m pleased the market and Hickson was lifted 13 to 206p. Trading in Headlam was suspended at 68p at the company's request.

MARKET REPORTERS: [redacted] John, Joel Kibazo, [redacted] McCallum, [redacted] Thompson.

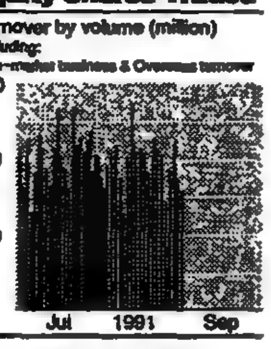
■ Other market statistics, including the FT-Actuaries Share Indices and London Traded Options, Page 25.

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million)
Excluding: Intra-market business & Overseas turnover



NEW HIGHS AND LOWS FOR 1991

NEW HIGHS (206).

BRITISH FUNDS (36) Treas 9pc 1992, Tr 8pc 1993, Tr 8½pc 1994, Tr 10pc 1994, Ex 10¼pc 1995, Tr 9pc '92-96, Cv 10pc 1996, Do. B, Tr 10½pc 1997, Tr 8¾pc 1997, Ex 9¾pc 1998, Tr 6¾pc '95-98, Ex 12pc 1998, Tr 9½pc 1999, Ex 12¼pc 1999, Tr 10½pc 1999, Cv 10¼pc 1999, Cv 9pc 2000, Tr 13pc 2000, Tr 10pc 2001, Tr 9¾pc 2002, Tr 10pc 2003, Tr 11½pc '01-04, Fd 3½pc '99-04, Cv 9½pc 2004, Cv 9½pc 2005, Tr 12½pc '03-05, Tr 8pc '02-06, Tr 11¾pc '03-07, Tr 8½pc 2007, Tr 13½pc '04-08, Tr 9pc 2008, Do. C, Tr 8pc 2009, Cv 9pc 2011, Do A, Tr 8½pc '08-12, Tr 7¾pc '12-15, Ex 12pc '13-17, Consols 4pc, War Ln. 3½pc, Cv 3½pc '61, Tr 3pc '66, Consols 2½pc, Tr 2½pc, Tr 2½pc IL 2001, Tr 2½pc IL 2003, Tr 2pc IL 2006, Tr 2½pc IL 2009, INT.BANK & O'SEAS GOVT. STLG. ISSUES (4) African Dev 11¼pc 2010, Asian Dev 10¼pc 2009, Intl-Amer. 12½pc 2003, Do. 9½pc 2015, FOREIGN BONDS (1) Hydro Quebec, BANKS (2) Bk. [illegible] 9¼pc Prf., Secure Tst., BREWERS [illegible] Grand Met., Greenalls 5.95pc Prf., Guinness, Do. 8½pc Prf., Do. 8pc Cnv. '98-01, Mansfield, BUILDINGS (8) Ashtead, Persimmon, Polypipe, CHEMICALS (4) Caird, Do. 7p Prf. 2003, Hickson, Sutcliffe Speakman, STORES (12) Alexon, Blacks Lslr, Etam, Fine Art Devs., Forminster, GUS, Kingfisher 8½pc Ln. 2009, Liberty, Do. N/V, Menzies (J), Pentos, Smith (WH) A, ELECTRICALS (10) Alba, Brit. Telecom, FKI, Farnell, Harland Simon, Life Sciences, Merrivale-Swain, Micro Focus, Multitone, Renishaw, ELECTRICITY (1) National Power, ENGINEERING (13) APV, Ash & Lacy, BM, Carclo, Clayton Son, McKechnie, Meggitt, Rolork, TI, Victaulic, Vosper, Weir, Wheeoe, FOODS (3) Dalepak, Dalgety, Hazlewood, Northern, Stes, HOTELS (3) Forte, Ramsden's (H), Resort, INDUSTRIALS (27) Alumasc, BBA 6.7pc Prf., BSS, BTR Wrmts. '92-93, Do. Wrnts. '94-95, Baynes (C), Beopak, Betterware Cons. Prods., Bimec, Bowater, Do. 7¼pc Prf., Brammer, Brit. Polythene, Do. 7½pc Prf., ... Hays, IWP, Inchcape, Intercare, Johnson Cleaners, Low & Bonar, Macarthy, [illegible] Metal, Reuters, [illegible] Healthcare, [illegible] T, Tomkins (FH), Do. [illegible] Prf., Waterford [illegible] Prf., Wolseley, [illegible] Britannia, Lloyd [illegible] LEISURE (3) Capital [illegible] Scottish TV, MOTORS [illegible] Pendragon, [illegible] Vardy (Reg), [illegible] Johnston Press, PAPERS (3) [illegible] PROPERTY (3) [illegible] 10¾-11¼pc Deb 2012, Land Securities 10pc Deb. 2030, SHOES (1) Headlam, TEXTILES (2) Allied Textile, Readicut, TRANSPORT (1) Ocean, TRUSTS (42) Aberforth Smllr. Wrrnts., American Tst. B, Archimedes Cap., Bankers' Inv., Dunedin Inc. Growth, Flmg. American, Do. Cnv. 1998, Flmg. Mercantile, Foreign & Col., General Cons. Stppd. Prf., Govett Atlantic, I & S Optimum Inc., Intrum Justitia, Jos. Kleinwort Charter, Law Debenture, M & G, Do. Cap., Mercury Assets Mgmt., Monks Inv., Moorgate Smllr. Wrrnts., Murray Inc., Murray Intl., Nth. Brit. Canadian, Personal Assets, River & Merc. Extra Inc., River & Merc. Stppd. Prf., Scot. American, Scot. Eastern, Scot. Mortgage, Scottish Inv., Second Alliance, Secs. Tst. Scotland, Shires Inv., Sphere Zero Prf., Strata Invs., Stratton Inv., TR [illegible] of Lon. Geld., Temple Bar, Throg. Dual [illegible] Cap., Tor Inv., Yeoman Cap., OILS (2) Fairhaven, Pittencrieff, MINES (1) ACM.

NEW LOWS (16).

STORES (2) Brown & Jackson, Oliver, ELECTRICALS (3) Applied Holographics, Burnfield, Enterprise Computer, Lec Refrigeration, Norsk Data A, INDUSTRIALS [illegible] LEISURE (2) Pickwick, [illegible] TRUSTS (3) Drayton Cons., Nat. [illegible] 7½pc, OILS (2) Atlantic [illegible] Sceptre Res.

APPOINTMENTS

Financial director for Bovis

■ Mr Rodney Reames (pictured) has been appointed to the new post of financial director for BOVIS CONSTRUCTION GROUP, a division of P & O.

Mr Reames joins [redacted] Hawker Siddeley Group, where he was responsible for finance and business development in the aerospace division. Prior to that he worked for GKN in a number of senior posts, latterly as finance director of Chartwell, a new venture between GKN, British Rail and various City institutions.

■ At COMMERCIAL UNION, Mr P.J. Foster, who has been serving as group financial controller, has assumed responsibilities from September 1 for all group financial affairs as general manager (finance), reporting to Mr A.B. Wyand, executive director.

From the same date Mr P.A. Found became group financial controller responsible for international finance.

■ DURLACHER WEST LTD, London stockbroker, has appointed Mr Michael Coulson, Mr Charles Kernot and Mr Richard Orme to provide a service in international mining shares. All were formerly with Kitcat & Aitken.

■ BARCLAYS BANK named Mr John Chainey as international private banking director, with responsibility for operations, systems and telecommunications worldwide. He formerly worked for Merrill Lynch International Bank as [redacted] systems manager/associate director in charge of banking and private client systems for Europe and Singapore.

Mr John Church has been appointed director and deputy head of international private banking. Previously he was director, Barclays Merchant Services, responsible for finance and operations.

■ At SAMAC GROUP, the [redacted] stockholding and service centre concern, Mr John Macdonald has been appointed as chief executive. He joins the group from Richardson Westgarth, where he was managing director from 1982 until November last year.

A new ultimate group holding company, Hurstforth, has been formed, with Mr Kiffer Weisselberg filling the post of chairman. He remains a non-executive director of SAMAC International.

Mr William Shaw has been named a director of Hurstforth in addition to his role as chairman of SAMAC International.

■ Mr Alick M. Rankin will become a non-executive director of SEARS from November 1. He is group chairman of SCOTTISH & NEWCASTLE BREWERIES, where he has been employed for over 30 years.

His other non-executive directorships include the Bank of Scotland, British Linen Bank, Christian Salvesen, Securities Trust of Scotland and Scottish Financial Enterprise. He is also immediate past chairman of the Brewers' Society.

■ FABER PREST, the industrial services, shipping and transport group, appointed Mr Roger Feaviour as group chief executive following the departure of Mr I Mackenzie to pursue other interests.

Mr Feaviour joined Faber Prest in July last year as commercial director following extensive management experience with Norcros.

■ Within the HAWKER SIDDELEY Group, Mr Norman Finn has become director and general manager of the automotive division of Tungstone Batteries. He joined Hawker in 1968. Mr Brian Johnston has been appointed projects director of Westinghouse Brake and Signal. He was engineering director of Hawker Siddeley Rail Projects.

■ Mr Stefan Lindholm (pictured) has been appointed regional director – Europe, Middle East and Africa for AT&T Easylink Services. He is responsible for further expansion and operations in these areas and is also the managing director for the UK.

Mr Lindholm has a strong international background in the IT industry at executive director level with Rank Xerox, Ericsson Information Systems and Nokia.

He has resided in London since 1987, when he became managing director of Ericsson – Nokia.

FINANCIAL TIMES STOCK INDICES

	Sept 3	Sep 2	Aug 30	Aug 29	Aug 28	Year Ago	1991 High	1991 Low	Since Compilation High	Since Compilation Low
Government [redacted]	86.39	86.16	85.96	85.96	85.80	78.40	86.39 (3/9)	82.17 (2/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	95.35	95.27	94.94	94.91	94.89	86.23	95.35 (3/9)	90.59 (2/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary Share [redacted]	2096.4	2106.3	2079.3	2066.2	2053.9	1670.9	2106.3 (2/9)	1606.3 (16/1)	2106.3 (2/9/91)	49.4 (26/6/40)
Gold Mines	156.5	150.6	149.5	157.6	158.1	196.3	222.8 (11/7)	127.0 (22/2)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share [redacted]	2669.0	2679.6	2645.7	2638.2	2624.2	2146.0	2679.6 (2/9)	2054.8 (16/1)	2679.6 (2/9/91)	986.9 (23/7/84)
FT-SE Eurotrack [redacted]	1198.60	1197.28	1189.88	1188.76	1184.81	-	1198.60 (3/9)	938.62 (16/1)	1198.60 (3/9/91)	938.62 (16/1/91)
●Ord. Div. Yield	4.55	4.50	4.56	4.59	4.62	5.67				
●Earning Yld %(full)	7.36	7.35	7.43	7.46	7.53	12.08				
●P/E Ratio(Net)(☆)	16.91	17.02	16.78	16.67	16.56	10.05				
SEAQ Bargns 4.45pm	30,102	29,544	34,098	30,491	26,858	16,206				
Equity Turnover(£m)†	-	982.79	777.5	1031.02	963.85	510.22				
Equity Bargains†	-	28,561	34,107	30,480	27,227	16,639				
Shares Traded (ml)†	-	315.8	348.8	445.3	399.0	257.7				

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold mines 12/9/55. Basis 1000 FT-SE 100 31/12/83 & FT-SE Eurotrack 200 26/10/90. ☆ [illegible]

Ordinary Share Index, Hourly changes — Day's High 2109.7 — Day's Low 2096.2

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2106.3	2106.7	2101.2	2097.5	2098.3	2096.5	2096.8	2099.1	2096.2

FT-SE 100, Hourly changes — Day's High 2683.7 — Day's Low 2667.1

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2678.0	2678.6	2675.9	2670.0	2669.3	2667.2	2667.5	2670.8	2668.6

FT-SE Eurotrack 200, Hourly changes — Day's High 1199.65 — Day's Low 1195.67

Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm
1199.55	1199.06	1198.04	1197.81	1197.71	1197.38	1198.74

GILT EDGED ACTIVITY

Indices*	Sept 2	Aug 30
Gilt Edged Bargains	88.7	68.0
5-Day average	75.8	71.6

*SE Activity 1974.
†Excluding intra-market business & Overseas turnover.

London report and latest Share index: Tel. 0898 123001

TRADING VOLUME IN MAJOR STOCKS

Stock	Volume 000's	Closing Price	Day's change
[illegible]	[illegible]	[illegible]	[illegible]

[redacted] on the trading volumes for a selection of Alpha securities dealt through the SEAQ system [redacted] 4.30pm. Trades of one million or [redacted] are rounded down.

EQUITY FUTURES AND OPTIONS TRADING

STOCK INDEX futures continued to indicate a positive outlook for UK equities yesterday in spite of a modest setback in the share market on rising turnover in the London derivative markets, writes Jim McCallum.

The September FT-SE 100 index contract spent much of the session trading at a premium of around 25 points to the spot index, compared with fair value of approximately 8.

Such a high premium reflects the futures markets' belief that London shares can make further gains despite already having advanced to new highs following the collapse of the coup in the Soviet Union.

But part of the reason for the large premium is technical [redacted] to large arbitrage positions built up in the [redacted] contract ahead of [redacted] at the end of the month.

September FT-SE closed 14 lower at 2,689 with a closing premium of 21. Turnover was swelled by switching into the December contract.

In the options market dealing was boosted by a large trade in Sears, with a broker buying 1,000 December 80 and 100 puts and selling 2,000 December 90 puts. There was also a buyer of 3,000 October 2,800 calls.

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1991 High	1991 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
100¼	99½	Exch. 11pc 1991	100	.....	11.00	10.62
99⅝	96	Treas. 8pc 1991	99⅝	.....	8.05	10.18
101⅞	100	Treas. 12¾pc 1992	100[illegible]	.....	12.65	10.25
99⅞	97	Treas. 10pc 1992	99⅞	+⅛	10.01	10.15
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Over Fifteen Years — [illegible]

Undated — [illegible]

Index-Linked — [illegible]

Five to Fifteen Years — [illegible]

BRITISH FUNDS—Contd

[illegible]

INT. BANK AND O'SEAS

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS

Building Societies — [illegible]

Public Board and Ind. — [illegible]

FOREIGN BONDS & RAILS

[illegible]

Continued on next page

LONDON SHARE SERVICE

● Latest Share [illegible] are available on FT Cityline. Calls charged at 36p/minute cheap [illegible] and 48p/minute at all other times. To obtain your free Share Code Booklet ring 071-925-2128

AMERICANS

1991 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
33¼	20⅞	Abbott Laboratories‡	32⅛	....	$1.00	–	1.8
385p	257p	♥Allegheny & W 1c	259p	....	30c	–	[illegible]
10⅛	667p	Amdahl 5c	806p	....	10c	–	0.[illegible]
42⅞	25⅛	Amer. Cyanamid $5	39	....	$1.50	–	2.3
17⅞	9[illegible]	Amer. Express 60c	15¼	....	92c	–	3.5
24½	15⅛	American T. & T. $1	23⅛	....	$1.32	–	3.4
38⅞	32½	Ameritech $1	36½	....	$3.40	–	5.5
26	12[illegible]	BankAmerica $1 ‡	25[illegible]	....	$1.20	–	2.7
35⅝	20[illegible]	Bankers N.Y. $1	35[illegible]	....	$1.52	–	8.2
30½	24⅛	Bell Atlantic $1	29½	....	$2.52	–	5.0
31¼	25	BellSouth Corp	28⅞	....	$2.76	–	5.6
11⅛	6[illegible]	♥Bethlehem Steel $8	10⅝	....	40c	–	2.2
1839p	1046p	Bowater Inc.	1611p	....	$1.20	–	4.4
54[illegible]	37[illegible]	CPC Intnl. 25c	54[illegible]	....	$2.00	–	2.2
930p	420p	California Engy	930p	....	–	–	–
50	28⅛	Campbell Soup 15c	49½	....	$1.16	–	1.4
12⅛	5[illegible]	Chase Manhattan $12½	12⅛	....	$1.20	–	5.9
9[illegible]	5½	Chrysler $6¼	7¼	....	60c	–	4.9
10⅞	5⅞	Citicorp $1	8⅝	....	$1.00	–	6.9
25	21[illegible]	Colgate-Palmolive $1	24[illegible]	....	$1.08	–	2.6
928p	438p	Cont'l Bank Corp $4	732p	....	60c	–	4.8
21⅝	13[illegible]	Dana Corp. $1	17¼	....	$1.60	–	5.3
1168p	203p	Data General	1146p	....	–	–	–
22⅛	12⅞	Dial Crop. $1.5	21½	....	$1.40	–	[illegible]8
29⅝	20⅛	Dun & Bradstreet $1	26⅛	....	$2.16	–	[illegible]8
40	24¼	Eaton Corpn. 50c	38¼	....	$2.20	–	–
8½	5½	Echlin Inc	7⅞	....	70c	–	[illegible]
20⅛	14[illegible]	FPL Group 1c	19[illegible]	....	$2.40	–	7.3
30[illegible]	17[illegible]	Fluor Corp 62½pc	26¼	....	32c	–	0.7
23¼	13⅛	Ford Motor $1	18½	....	$1.60	–	3.2
46[illegible]	28[illegible]	Gen. Elect. 63c	44[illegible]	....	$2.04	–	2.7
566p	270p	♥General Host Corp $1	459p	....	34c	–	4.4
45⅞	20⅞	Gillette $1	25⅞	....	62c	–	1.4
18⅛	794p	Hasbro Inc 50c	16	....	24c	–	0.9
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CANADIANS

[illegible]

For Varity see Americans

BANKS, HP & LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS – Contd

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY AND STORES – Contd

[illegible]

ELECTRICALS

[illegible]

ELECTRICITY

[illegible]

ENGINEERING

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS (Miscel.) – Contd

[illegible]

INDUSTRIALS (Miscel.) – Contd

[illegible]

INSURANCES

[illegible]

LONDON SHARE SERVICE

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LEISURE

MOTORS, AIRCRAFT TRADES

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRANSPORT

TRANSPORT—Contd

INVESTMENT TRUSTS

Net asset values supplied by County NatWest.

INVESTMENT TRUSTS—Contd

FINANCE, LAND, ETC

WATER

OIL AND GAS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

MINES—Contd

Tins

Miscellaneous

NOTES

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

IRISH

TRADITIONAL OPTIONS

3-month call rates

Industrials

Property

Oils

Mines

FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available on FT Cityline. Calls charged at 48p per minute peak, inc VAT. To obtain [illegible] Trust [illegible] Booklet [illegible] (071) [illegible]

AUTHORISED UNIT TRUSTS

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Abbey Unit Tst Mngrs (1000)H						
[illegible] Rd, Bournemouth						0345 717373
[illegible]	6	114.3	[illegible]	121.2	+0.5	9.49
[illegible]	6	138.0	[illegible]	150.6	+0.7	5.64
[illegible]	6	208.3	[illegible]	222.2	[illegible]	6.75
American Growth	6	212.5	212.5	227.0	-1.2	.96
Asian Pacific	6	125.6	128.2	136.3	-1.0	1.15
[illegible]	6	185.1	189.1	201.1	+1.2	2.87
[illegible] Acc	0	107.8	107.8	107.8	+0.3	7.04
[illegible] Inc	0	85.23	85.23	85.28	+0.28	7.04
[illegible]	6	73.77	73.77xd	78.89	-0.20	1.89
1992 Enterprise	6	65.54	65.54	70.09	+0.22	2.75
Euro Capital Acc	[illegible]	[illegible]	89.46	95.67	+0.02	1.42
Euro Capital Inc	[illegible]	[illegible]	85.47	91.41	+0.02	1.42
General	[illegible]	[illegible]	175.4xd	187.5	+1.0	2.67
Japan	[illegible]	[illegible]	94.12	100.6	-0.5	–
Mastertrust	[illegible]	[illegible]	90.76	97.06	+0.02	2.10
UK Growth Acc	[illegible]	[illegible]	165.3	176.7	+1.5	2.56
UK Growth Dist	[illegible]	[illegible]	106.3	113.6	+1.0	2.58
US Emerging Cos	[illegible]	[illegible]	72.98	77.63	-0.42	–
Income & Growth	[illegible]	[illegible]	315.4	337.3	+1.6	4.15
Ethical	[illegible]	[illegible]	52.45	56.09	-0.38	3.01
International	[illegible]	[illegible]	63.44	67.48	-0.08	1.30
Dividend & Growth	6	50.96	52.20	55.53	+0.24	5.40
Global Grth & Scc	6	51.88	52.17	55.49	-0.07	1.80
Aberforth Unit Trust Managers Ltd (1600)F						
16 Chester St, Edinburgh EH3 7RA						031 220 0733
UK Small Cos	0	1021.0	1021.0	1076.0	–	1.0
Abtrust Unit Trust Managers Ltd (1200)H						
10 Queens Terrace, Aberdeen AB9 1QJ						0800 833[illegible]
Amer Inc & Growth	5¼	31.81	31.81	33.73	-0.12	[illegible]
Cash	–	50.03	50.03xd	50.03	+0.01	[illegible]
European	5¼	71.39	71.39	75.77	-0.11	[illegible]
European Income	5¼	74.05	74.47xd	78.96	[illegible]	[illegible]
Exempt	1	797.2	797.2	821.7	+2[illegible]	[illegible]
Extra Income	5¼	40.67	40.67xd	44.01	+0[illegible]	[illegible]
Far East Emerg Econ	5¼	50.58	50.58	54.29	[illegible]	[illegible]

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Bishopsgate Progressive Mgmt Co (1200)F						
15 St James' Place, London SW1A 1NW						071-493 8111
Progressive Inc	5	£18.95	18.55	19.58	+0.07	0.85
Progressive Acc	5	£27.95	27.95	29.50	+0.10	0.85
International Inc	5	£19.30	19.30xd	20.37	–	1.04
International Acc	5	£26.23	26.23	27.68	–	1.04
Can & Foreign Inc	5	230.1	230.1	242.8	–	0.47
Can & Foreign Acc	5	275.0	275.0	290.2	–	0.47
Special Sits Inc	5	205.8	205.8	217.2	–	0.74
Special Sits Acc	5	223.5	223.5	235.9	–	0.74
PEP Inc	5	137.4	139.9	147.7	–	1.74
PEP Acc	5	146.7	149.4	157.7	–	1.74
Growth Inc	5	80.48	80.48xd	84.94	–	0.59
Growth Acc	5	81.50	81.50xd	86.02	–	0.59
Brewin Dolphin Unit Tst Mgrs Ltd (0905)F						
[illegible] London EC1A 9QE						071-236 6441
[illegible] Sits	5¼	120.3	120.3	128.6	+0.3	4.07
[illegible]	5¼	61.18	62.18xd	65.43	+0.24	5.28
[illegible] Gth	5¼	160.8	160.8	171.9	+0.3	4.65
[illegible] Gen	5¼	35.28	35.28xd	37.73	+0.11	3.04
[illegible]	5¼	47.52	49.57	53.01	–	1.59

[illegible]

Manulife Management Ltd (1200)H						
St George's Way, Stevenage						Dealing: 071-[illegible]
Growth Units	5¼	139.1	140.4xd	149.4	+1.4	3.60
Gilt & Fxd Inc	3	149.0	149.0	156.7	+0.3	8.04
Intl Growth	5¼	149.1	149.8	159.4	-0.9	0.43
North American	5¼	101.7	102.9xd	109.5	-0.4	0.30
Far East	5¼	114.2	114.6	121.9	-0.6	0.52
UK Smaller Cos	5¼	101.4	102.5	109.0	-0.6	3.11
European	5¼	54.10	54.10	57.67	-0.09	0.93
Japanese Growth	5¼	35.21	35.21	37.74	-0.05	0.00
Managed P'folio	5¼	50.66	50.97	54.22	-0.03	1.30
[illegible]	5¼	156.3	158.0	168.1	+0.2	5.57
[illegible] Gilt	5¼	61.34	61.34xd	64.98	+0.02	10.32
[illegible]		51.74	51.74	51.74	+0.01	9.44
Geoffrey Morley Unit Mgrs Ltd (12[illegible]						
3 Bedford Park, Croydon CR0 2AD						08[illegible]
Exempt Unit Tst	4	120.37	120.37	127.84	[illegible]	[illegible]
Exempt Smllr Cos	3¼	231.61	231.61	251.59	[illegible]	[illegible]

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♣) - 1101 to 1400 hours; (♦) - 1401 to 1700 hours; (♠) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH. Tel: 071-379-0444.

حكمة امين المنصور

FT MANAGED FUNDS SERVICE

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Stewart Ivory Unit Tst Mgrs Ltd (1200)H

Funds in Court*

Henderson Unit Trust Management Ltd

INVESCO MIM Management Ltd

Lazard Brothers & Co. Ltd

Lazard Investors Ltd

Local Authorities Mutual Invest. Tst.*

M & G Securities Ltd

Morgan Grenfell Unit Trust Managers Ltd

Murray Johnstone UT Mgmt

Phillips & Drew Fund Management Ltd

Rothschild Asset Management

J. Rothschild Fund Managers Ltd

Stewart Ivory & Co Ltd

Thornton Unit Managers Ltd

Touche Remnant Unit Tst Mgmt Ltd

TSB Unit Trusts (1200)H

Templeton Unit Trust Managers Ltd (1200)F

Tyndall Trust Mngrs Ltd

Trades Union Unit Tst Mngrs Ltd

United Charities Unit Trusts (1000)H

Wardley Unit Tst Mngrs Ltd (1500)F

Westwide Unit Trust Managers Ltd (1700)H

OTHER UK UNIT TRUSTS

Baillie Gifford & Co Ltd

James Capel Fund Managers Ltd

Cent. Bd. of Fin. of Church of England

Charities Official Inv Fd

Edinburgh Fund Mngrs PLC

Fidelity Investment Services Ltd

Robert Fleming Asset Mngmt Ltd

INSURANCES

AA Friendly Society

Abbey Life Assurance Co Ltd

Aetna Life Assurance Co Ltd

AEGON Life Assurance Co (UK) Ltd

Albany Life Assurance Co Ltd

Allied Dunbar Assurance Plc

American Life Insurance Co UK

Avon Insurance Plc

Barclays Life Assur. Co Ltd

Black Horse Life Assurance

Britannia Life Assurance

Britannia Life Ltd

CCL Assurance Ltd

Canada Life Group

Cannon Assurance Ltd

Century Life Plc

Citibank Life

City of Westminster Assurance

Clerical Medical/Fidelity Investments

Clerical Medical Investments Group

Clerical Medical Managed Funds Ltd

Colonial Mutual Group

Combined Life Assurance Co

Commercial Union

Consolidated Life Assurance Co Ltd

Cornhill Insurance PLC

Crown Financial Management Ltd

Eagle Star Life Assurance Co Ltd

Eagle Star Insur./Midland Assur.

Equitable Life Assurance Society

Equity & Law

Family Assurance Society

Friends Provident

GT Unit Managers Ltd

General Portfolio Life Insce Plc

Growth & Sec. Life Assce. Soc. Ltd

Guardian Royal Exchange

Hearts of Oak Insurance Group

Henderson Administration

Hill Samuel Life Assur. Ltd

Homeowners Friendly Society

Ideal Insurance Co Ltd

Irish Life

Lancashire & Yorkshire Assce Society

Laurentian Life plc

Legal & General (Unit Pensions) Ltd

Legal & General (Unit Assur) Ltd

Liberty Life Assurance Co Ltd

Life Association of Scotland

Lifetime Assurance Co Ltd

London Indemnity & Gnl. Ins. Co Ltd

London Life

London & Manchester Group

M & G Life and M & G Pensions

MGM Assurance

Manchester Unity Assurance

Manulife Group—Contd.

Merchant Investors Assurance Co Ltd

Mercury Life Assurance Co Ltd

Midland Life Limited

NEL Britannia Assce Co Ltd

NEL Pensions Ltd

NM Life Assurance Co Ltd

Manulife Group (The)

For Dunbar Insurance see Britannia Life Assurance

Continued on next page

FT MANAGED FUNDS SERVICE

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N & P Life Assurance Ltd

6-7 Bedford Row, London, WC1R 4UJ 071-430 2348

	Bid Price	Offer Price	+ or -	Yield Gross
Life Managed Fd	109 9	115 7		-
Pension Managed Fd	109 9	115 7	+0 3	-
Life Deposit Fd	109.1	114 8	-0 1	-
Pension Deposit Fd	115 0	121.1		-

National Financial Management Corp PLC

72 Gatehouse Rd, Aylesbury, HP19 3XJ 0296 395539

	Bid Price	Offer Price	+ or -	Yield Gross
Life Funds				
Managed Cautionary	117.3	123.5	-2.7	-
Managed Growth	144.1	151 7	-2.9	-
Managed Opportunity	144.2	151.8	-3.2	-
NFMC Target Financial	106.3	111.9	+0.3	-
Pension Funds				
Managed Cautionary	127.5	134.3	-2.5	-
Managed Growth	152.3	160 4	-3.1	-
Managed Opportunity	144 3	151 9	-3.3	-
NFMC Target Mngd Pen	1587.9	1671.5	+10.2	-

National Mutual Life

The Priory, Priory Pk, Hitchin, SG5 2DW 0462 422422

	Bid Price	Offer Price	+ or -	Yield Gross
Harvester Pension Funds				
Managed	166 7	175.5		-
UK Equity	178.2	187 6		-
Overseas Equity	134.5	141 6		-
Fixed Interest	149 3	157.2		-
Property	133.5	140.6		-
Index Linked	148 0	155.8		-
Deposit	160.3	168.8		-
With Profits (B)	131 3	138.3		-

National Provident Institution

Providence Capital Life Assc. Co Ltd

2 Bartley Way, Hook, Hants RG27 9XA 0256 768888

	Bid Price	Offer Price	+ or -	Yield Gross
UK Equity Acc	237.1	[illegible]	+0 4	-
UK Fixed Int Acc	182 4	[illegible]	+0 9	-
Intl Equities Acc	179 9	[illegible]		-
UK Managed Acc	179 0	[illegible]	+0.2	-
Property Acc	224 2	[illegible]		-
Money Acc	131 2	[illegible]		-
Special Market Acc	147.5	[illegible]	-0 1	-
Japan Equity Acc	98 2	[illegible]	-0.1	-
North American Acc	109.8	[illegible]	-0.5	-
Pacific Acc	94.3	[illegible]	-0.3	-
Technology Acc	127 6	134 7	-0 1	-
Nat Resources Acc	53 9	56.9	+0 2	-
European Acc	102.7	108.4	-0.1	-
Residential Prop Acc	96.5	101.8	+0.3	-
Swiss Equities Acc	34.3	36 2	-0.1	-
Hong Kong Acc	68.9	72.7	-0.3	-
UK High Inc Eq Acc	76 9	81.2	+0.1	-
Int Fixed Interest Acc	58.9	62.2		-
Int Managed Acc	57 4	60.5		-
HIP Managed Acc	121.4	128 0		-
HIP Managed II Acc	103 9	109.5	+0 1	-
HIP Managed III Acc	110.9	116.9	+0.2	-
Total Investment Bond				
UK Equity Initial		161.2	+0.3	-
UK Fixed Int Initial		124.2	+0.6	-
Intl Equities Initial		121.5		-
UK Managed Initial		[illegible]	+0 1	-
Property Initial		[illegible]		-
Money Initial		[illegible]		-
Special Market Initial		114.5	-0.1	-
Japan Equity Initial		76.2	-0.1	-
North American Initial		85.3	-0.3	-
Pacific Initial		73 1	-0.2	-
Technology Initial		99.0	-0 1	-

Royal Heritage Life Assurance Ltd—Contd.

Royal Life Insurance Ltd

New Hall Place, Liverpool L69 3HS 051-239 3000

Royal Liver Assurance

Royal Liver Building, Liverpool, L3 1HT

Skandia Life Assurance Co Ltd—Contd.

Target Life [illegible] Co Ltd

Eurolife Assurance Group

Eurolife Hse, 16 St John St, EC1M 4AY 071-454 1151

Florence International Ltd

PO Box 193, St Peter Port, Guernsey 0481 713100

Independent Financial Group PLC

Johnson Fry Asset Managers Plc

20 Regent Street, London, SW1Y 4PZ 071 839 5600

Lion World Fixed Income Fund

Lloyds Intl Money [illegible] Fund Ltd

OFFSHORE INSURANCES

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)

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ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)(**)

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

MANAGED FUNDS NOTES

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar down despite NAPM

THE DOLLAR [illegible] in Europe after a quiet day, with the [illegible] currency gaining some support from a larger than expected [illegible] to [illegible] from 51.8 in [illegible] August [illegible] Association [illegible] Purchasing Managers index.

The market expected a figure of [illegible] 52.7. It [illegible] the [illegible]enth consecutive month that the NAPM index increased [illegible] the third month in a row that it was above [illegible]. A reading higher than [illegible] 50 [illegible] indi[illegible] that the manufacturing [illegible] expanding.

There were no other important [illegible] with [illegible] market also showing [illegible] reaction [illegible] a rise of 1.6 [illegible] cent in July US construction spending, [illegible] in June. Dealers [illegible] now waiting for Friday's US employment data, amid speculation that [illegible] unemployment rate rose [illegible] from [illegible] cent in August [illegible] that non-farm payrolls climbed 50,000, after falling 51,000 in July.

[illegible] London [illegible] dollar [illegible] DM1.7400 from DM1.7455; to SFr1.5270 from SFr1.5330; [illegible] FFr5.9100 from [illegible] and [illegible] Y136.70. [illegible] Bank of England figures the dollar's [illegible] declined to [illegible] from [illegible].

Sterling had a firm tone, reflecting a better political sit[illegible] for [illegible] market [illegible] latest opinion poll showed the ruling UK Conservatives ahead of the opposition Labour party.

A rise of [illegible] million in August underlying UK official reserves [illegible] in line with expectations, and indicated that the Bank [illegible] England had intervened little if at all to support [illegible] pound [illegible] month.

The pound rose [illegible] points to [illegible]. It [illegible] advanced [illegible] FFr10.0000 from [illegible] but [illegible] unchanged [illegible] and fell [illegible] from Y230.25. [illegible] index climbed [illegible] 91.0.

Sterling remained the third [illegible] member [illegible] the European exchange rate mechanism ahead of the Danish krone and the French franc.

The French currency was the [illegible] member [illegible] the ERM, with [illegible] D-Mark rising slightly to [illegible] from [illegible] Paris fixing.

There [illegible] no [illegible] comment by Mr [illegible] Beregovoy, French finance minister, that the budget has reached the limit of what the economy can bear and must be reined in next year.

The government has already admitted that it will exceed the FFr80m deficit set for a target in 1991, while some economists expect it [illegible] be [illegible] FFr100m. The finance ministry now suggests that the deficit will reach 1.5 per [illegible] this year, rather [illegible] the target [illegible] 1.17 per cent on which the budget was originally based.

The Spanish peseta [illegible] no [illegible] top [illegible] ERM [illegible] the Bank of Spain left its [illegible] market intervention rate [illegible] 12.6 per cent at a 12-day repurchase agreement tender. The next likely opportunity for a change in Spanish monetary policy [illegible] publication of the August [illegible] price index on September 12.

£ IN NEW YORK

Sep.3	Latest	Previous Close
£ Spot	1.6925 - 1.6935	1.6805 - 1.6815
1 month	0.75-0.74pm	0.74-0.72pm
3 months	2.00-1.97pm	2.11-2.08pm
12 months	6.73-6.63pm	7.07-6.97pm

Forward premiums and discounts apply to the US dollar

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Sep 3	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Spanish Peseta	133.631	127.917	-4.28	5.74	74
Italian Lira	1538.24	1532.67	-0.36	1.59	24
Belgian Franc	42.4032	42.2627	-0.33	1.56	22
Dutch Guilder	2.31643	2.31347	-0.13	1.38	13
D-Mark	2.05586	2.05387	-0.10	1.32	14
Irish Punt	0.767417	0.767769	0.05	1.17	4
Sterling	0.696904	0.698038	0.16	1.06	-4
Danish Krone	7.84195	7.92484	1.06	0.16	-42
French Franc	6.89509	6.97924	1.22	0.00	-60

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
Adjustment calculated by Financial Times.

POUND SPOT - FORWARD AGAINST THE POUND

Sep 3	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.6890 - 1.6925	1.6915 - 1.6925	0.75-0.73cpm	5.25	2.01-1.98pm	4.72
Canada	1.9255 - 1.9320	1.9305 - 1.9315	0.42-0.35cpm	2.39	0.77-0.69pm	1.51
Netherlands	3.3075 - 3.3225	3.3125 - 3.3225	½-¼cpm	1.58	1¼-1pm	1.36
Belgium	60.40 - 60.90	60.50 - 60.60	11-7cpm	1.78	24-17pm	1.35
Denmark	11.3300 - 11.3625	11.3500 - 11.3600	1½-¾orepm	1.25	3½-2¼pm	0.92
Ireland	1.0990 - 1.1020	1.1010 - 1.1020	0.15-0.10cpm	1.36	0.30-0.20pm	0.91
Germany	2.9400 - 2.9475	2.9425 - 2.9475	½-¼pfpm	1.78	1¼-1pm	1.53
Portugal	251.00 - 252.35	251.00 - 252.00	42-78cdis	-2.86	198-280dis	-3.8
Spain	182.65 - 183.45	182.95 - 183.25	19-30cdis	-1.61	59-85dis	-1.57
Italy	2191.00 - 2199.00	2194.50 - 2195.50	par-2liredis	-0.55	4-6dis	-0.91
Norway	11.4700 - 11.5075	11.4975 - 11.5075	1-½orepm	0.78	1¼-1pm	0.48
France	9.9850 - 10.0075	9.9950 - 10.0050	1½-1¼cpm	1.65	3½-3pm	1.28
Sweden	10.6600 - 10.6950	10.6850 - 10.6950	⅝-¼orepm	0.49	⅝-⅛pm	0.19
Japan	229.50 - 231.00	229.50 - 230.50	¾-⅝ypm	3.59	2¼-1⅞pm	3.48
Austria	20.66 - 20.71	20.66 - 20.69	3½-2¼gropm	1.63	7¼-5¼pm	1.26
Switzerland	2.5775 - 2.5875	2.5775 - 2.5875	⅝-½cpm	2.61	1⅞-1⅝pm	2.61
Ecu	1.4300 - 1.4350	1.4320 - 1.4330	0.15-0.09cpm	1.01	0.29-0.18pm	0.66

Commercial rates taken towards the end of London trading. Six-month forward dollar 3.68-3.63cpm. 12 Month 6.79-6.62cpm.

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Sep 3	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.6890 - 1.6925	1.6915 - [illegible]	0.75-0.73cpm	5.25	2.01-1.98pm	4.72
Ireland†	1.5335 - 1.5410	1.5395 - [illegible]	0.52-0.47cpm	3.86	1.55-1.45pm	3.90
Canada	1.1395 - 1.1410	1.1400 - [illegible]	0.27-0.31cdis	-3.05	0.78-0.83dis	-2.82
Netherlands	1.9560 - 1.9640	1.9595 - [illegible]	0.60-0.63cdis	-3.77	1.75-1.80dis	-3.62
Belgium	35.70 - 35.90	35.75 - [illegible]	9.50-11.50cdis	-3.52	28.00-34.00dis	-3.46
Denmark	6.6950 - 6.7275	6.7075 - [illegible]	2.15-2.45oredis	-4.11	6.40-7.10dis	-4.02
Germany	1.7350 - 1.7450	1.7395 - [illegible]	0.52-0.54pfdis	-3.66	1.53-1.56dis	-3.55
Portugal	148.80 - 149.10	148.80 - [illegible]	102-112cdis	-8.63	320-340dis	-8.87
Spain	108.10 - 108.60	108.20 - [illegible]	63-67cdis	-7.21	177-184dis	-6.67

FINANCIAL FUTURES AND OPTIONS

LIFFE LONG GILT FUTURES OPTIONS · LIFFE US TREASURY BOND FUTURES OPTIONS · LIFFE BUND FUTURES OPTIONS · LIFFE EUROMARK OPTIONS · LIFFE EURODOLLAR OPTIONS · LIFFE SHORT STERLING OPTIONS · LONDON (LIFFE) · CHICAGO · PHILADELPHIA SE £/$ OPTIONS · PARIS

OPTION ON LONG-TERM FRENCH BOND (MATIF)

Strike	Calls December	Calls March	Calls June	Puts December	Puts March	Puts June
102	-	-	-	0.05	0.22	-
[illegible]	-	-	-	0.10	-	-
[illegible]	-	2.83	-	0.20	0.53	-
105	1.75	-	-	0.40	-	-
[illegible]	[illegible]	[illegible]	-	0.73	1.10	-
[illegible]	[illegible]	-	-	[illegible]	-	-
Open Int	87,[illegible]	25,[illegible]	950	[illegible]	[illegible]	[illegible]

Estimated volume 31,821 Total Open Interest 208 530

BASE LENDING RATES

	%		%		%
Adam & Company	11	Co-operative Bank	11	McDonnell Douglas Bnk	11
[illegible] Trust Bank	11	Coutts & Co	11	Midland Bank	11
AIB Bank	11	Cyprus Popular Bk	11	Mount Banking	11
● Henry Ansbacher	11	Duncan Bank PLC	11	NatWestminster	11
B & C Merchant Bank	11	Duncan Lawrie	11	Northern Bank Ltd	11
Bank of Baroda	11	Equatorial Bank plc	11	Nykredit Mortgage Bank	12
Banco Bilbao Vizcaya	11	Exeter Bank Limited	11½	Provincial Bank PLC	14
Bank of Cyprus	11	Financial & Gen. Bank	11.5	Roxburghe Bank Ltd	12
Bank of Ireland	11	[illegible] Bank Plc	14	Royal Bk of Scotland	11
Bank of India	11	● Robert Fleming & Co	11	● Smith & Williamsn Secs	11
Bank of Scotland	11	Robert Fraser & Ptnrs	11½	Standard Chartered	11
Banque Belge Ltd	11	Girobank	11	TSB	11
Barclays Bank	11	● Guinness Mahon	11	Unibank plc	11
Benchmark Bank	11	● Hambros Bank	11	● United Bk of Kuwait	11
Brit Bk of Mid East	11	Hampshire Trust Plc	13.5	Unity Trust Bank Plc	11
● Brown Shipley	11	Heritable & Gen Inv Bnk	11	Western Trust	11
CL Bank Nederland	11	● Hill Samuel	11	Westpac Bank Corp	11
Citibank NA	11	C. Hoare & Co	11	Whiteaway Laidlaw	11
City Merchants Bank	11	Hongkong & Shanghai	11	Yorkshire Bank	11
Clydesdale Bank	11	● Leopold Joseph & Sons	11		
Comm.Bk.of London Plc	11	Lloyds Bank	11		
		Meghraj Bank Ltd	11		

● Members of British Merchant Banking & Securities Houses Association.

MONEY MARKETS

London rates fall

INTEREST [illegible] continued [illegible] prices [illegible] short sterling futures [illegible] in London yesterday as optimism increased [illegible] may [illegible] cut about the [illegible] retail prices [illegible] September 13. A sharp fall [illegible] around 4.7 [illegible] per [illegible] is expected in [illegible] year-on-year inflation rate.

Three-month sterling inter[illegible] fell [illegible] 10$\frac{11}{16}$-10$\frac{9}{16}$ from 10$\frac{13}{16}$-10$\frac{11}{16}$ [illegible] and 12-month money [illegible] quoted [illegible] 10$\frac{9}{16}$-10$\frac{7}{16}$ against 10$\frac{9}{16}$-10½ [illegible] cent. On Liffe December short sterling futures rose [illegible] from [illegible].

UK clearing bank base lending rate 11 per cent from July 12, 1991

Day-to-day credit was in fairly short supply [illegible] cash market. The [illegible] of England initially [illegible] shortage [illegible] and revised [illegible] at noon [illegible] £1,000m in the afternoon. Total assistance of [illegible] was provided.

An early round of help was [illegible] time [illegible] authorities bought £787m bills, including [illegible] outright in band 1 [illegible] 10⅞ per cent. Another £517m bills were purchased for resale [illegible] the market on September 10 [illegible] interest [illegible] 10$\frac{15}{16}$ per cent. There was [illegible] further intervention in [illegible] bill [illegible] during [illegible] day, but late assistance of £15m [illegible] provided.

[illegible] maturing in official hands, repayment [illegible] late [illegible] and a take-up [illegible] Treasury bills drained [illegible], with the unwinding of repurchase agreements on bills absorbing [illegible] bank [illegible] target [illegible]. These outweighed exchequer transactions adding £170m [illegible] liquidity and a fall in [illegible] circulation [illegible].

In Frankfurt call [illegible] from [illegible] per [illegible] as [illegible] add liquidity via a three-tranche securities repurchase agreement [illegible]. It was the first [illegible] central bank had offered repurchase funds [illegible] three separate dates, but dealers said it was a clear [illegible] the [illegible] was trying [illegible] increase the flexibility [illegible] money market operations.

The move [illegible] the central bank [illegible] move expiring [illegible] forward to mid-month, rather [illegible] allowing [illegible] to finish at the start of each month. Some [illegible] per cent [illegible] outstanding funds [illegible] due this week. [illegible] 14, 28 and 63-day repurchase pacts were offered [illegible] variable bid rates and will [illegible] facilities totalling DM49.4bn expiring today. Banks must also repay DM4.3bn injected on Monday [illegible] two-day tender.

FT LONDON INTERBANK FIXING

MONEY RATES

LONDON MONEY RATES

COMPANY NOTICES

MONEY MARKET FUNDS

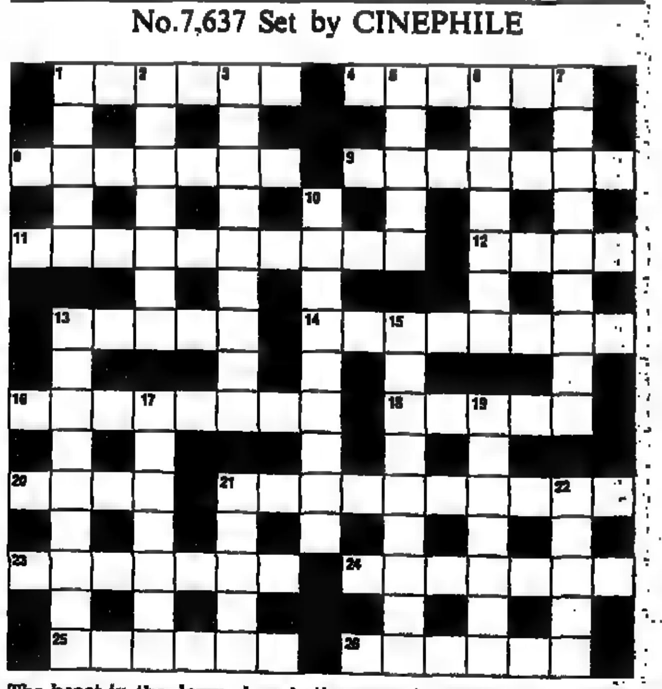
Money Market Trust Funds

Money Market Bank Accounts

JOTTER PAD

CROSSWORD

No.7,637 Set by CINEPHILE



The beast in the down clues is the same, in more than one form.

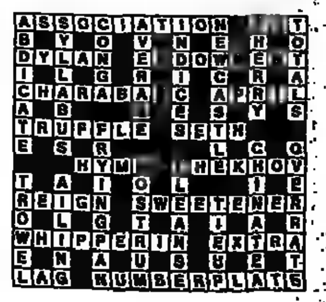
ACROSS

1 Nodding [illegible] about Con[illegible] general [illegible]
[illegible] Arrogant [illegible] yuppies, [illegible] quiet! (6)
8 Receipts of [illegible]reigns [illegible] acknowledgment (7)
9 Show control of ball, not of drink? (7)
11 Youth [illegible] first [illegible] back [illegible] promise [illegible] reverse [illegible]ruption (10)
12 Perhaps [illegible] church (4)
13 Love and I came first, [illegible] squeaking [illegible]
[illegible] Opposite of lavish? [illegible] sharply (4,4)
[illegible] Melon found on plant, not paid for, awfully weedy (8)
18 A bird's [illegible] (5)
[illegible] trouser tribe? [illegible]
21 [illegible] put arranged for sailors' home (10)
23 Are we 100 years [illegible] heart? (7)
24 Obstinate [illegible] (7)
[illegible] admiral left from [illegible] in New Zealand (6)
26 [illegible]ome domiciles seem to [illegible] a tenant (6)

DOWN

1 Directions about beast? Pity! (5)
2 Eel with a contortion swallows [illegible] close [illegible] ground (7)
3 [illegible] beast, male, unex[illegible]
[illegible] Fat beast at end of day (5)
6 [illegible] interrupts awful din from [illegible] engine (7)
7 Healthy beast at east, north and [illegible] Midlands [illegible]
10 Call round like [illegible] on a bird [illegible]
[illegible] Nothing and no [illegible] for beast with name alone (2,3,4)
15 [illegible] barrier to beast making [illegible] (5,4)
17 English beast, male, gives a [illegible] words (7)
19, 22 [illegible] with curly [illegible] comes in between half and [illegible]
21 [illegible] (Italian) and religious twerp live in squalor (3,2)
22 [illegible]

Solution to Puzzle No.7,636



WORLD STOCK MARKETS

CANADA

TORONTO

3:00 pm prices September 3

MONTREAL

3:00 pm prices September 3

INDICES

NEW YORK

DOW JONES	Aug 30	Aug 29	Aug 28	Aug 27	1991 HIGH	1991 LOW	Since compilation HIGH	Since compilation LOW
♦Industrials	3043.60	3049.64	3055.23	3026.16	3055.23 (28/8)	2470.30 (9/1)	3055.23 (28/8/91)	41.22 (2/7/32)
Home Bonds	96.20	96.29	96.11	96.08	96.29 (29/8)	91.30 (16/1)	96.29 (29/8/91)	54.99 (1/10/81)
Transport	1212.27	1212.09	1212.45	1202.40	1241.89 (3/6)	894.30 (7/1)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	208.25	208.63	208.56	206.56	220.89 (16/4)	195.17 (10/7)	236.23 (2/1/90)	10.50 (8/4/32)

♦Day's High 3059.26 (3068.69) Low 3026.82 (3030.86)

STANDARD AND POOR'S

	Aug 30	Aug 29	Aug 28	Aug 27	1991 HIGH	1991 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	395.43	396.47	396.64	393.06	396.64 (28/8)	311.49 (9/1)	396.64 (28/8/91)	4.40 (1/6/32)
Industrials	470.56	472.01	471.86	467.39	472.01 (29/8)	364.90 (9/1)	472.01 (29/8/91)	3.62 (21/6/32)
Financial	31.89	32.01	32.01	31.73	32.24 (14/8)	21.96 (9/1)	38.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	216.69	217.12	217.17	215.26	217.17 (28/8)	170.97 (9/1)	217.17 (28/8/91)	4.46 (28/4/42)
Amex Mkt. Value	372.13	370.95	370.62	369.62	373.40 (18/4)	296.72 (14/1)	397.03 (10/10/89)	29.31 (9/12/72)
NASDAQ Composite	525.68	526.39	526.29	521.75	526.39 (29/8)	355.75 (14/1)	526.39 (29/8/91)	54.87 (31/10/72)

	Aug 30	Aug 23	Aug 16	year ago (approx.)
Dow Industrial Div. Yield	3.01	3.01	3.08	4.16

	Aug 28	Aug 21	Aug 14	year ago (approx.)
S & P Industrial div. yield	2.63	2.69	2.70	3.24
S & P Indl. P/E ratio	21.71	21.35	21.31	15.47

NEW YORK ACTIVE STOCKS

Friday	Stocks traded	Closing price	Change on day
ADV Micro	10,259,500	12⅞	+ ⅛
Syntex	3,398,900	44⅞	- 3
Pepsico	3,078,000	32⅞	- ⅛
AT & T	2,447,200	39	+ ⅛
Coca Ent.	1,368,400	15⅞	+ ⅛
Oregon Steel	1,338,800	29⅞	- 4⅞
IBM	1,337,900	97	+ 1⅞
Philip Morris	1,309,200	74⅞	- ⅛
Cent. Bank Corp	1,299,600	12⅞	- ⅞
RJ Nabisco	1,226,100	12⅞	—

TRADING ACTIVITY

† Volume Millions	Aug 30	Aug 29	Aug 28
New York SE	125.830	150.180	169.590
Amex	11.646	13.496	16.746
NASDAQ	129.403	138.804	165.659
NYSE			
Issues Traded	2,074	2,097	2,083
Rises	792	785	1,058
Falls	741	784	509
Unchanged	541	528	516
New Highs	76	123	135
New Lows	9	4	4

CANADA

TORONTO	Aug 30	Aug 29	Aug 28	Aug 27	1991 HIGH	1991 LOW
Metals & Minerals	3081.75	3101.42	3116.42	3111.10	3299.99 (18/7)	2632.06 (9/1)
Composite	3517.92	3514.85	3521.30	3517.26	3582.07 (7/6)	3161.95 (15/1)
MONTREAL Portfolio	1853.53	1866.64	1868.96	1871.68	1903.86 (7/6)	1686.89 (9/1)

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

TOKYO - Most Active Stocks

Tuesday, 3 September, 1991

	Stocks Traded	Closing Prices	Change on day
Osaka Gas	15.6m	584	+18
Meiji Seika	13.7m	855	+69
NKK	10.2m	560	+4
Nippon Steel	8.5m	421	-5
Hitachi Zosen	6.4m	648	+4
Mitsubishi Heavy	5.9m	725	+4
Nippon Oil	5.4m	1,010	+34
Toyobo	5.2m	500	+20
Cosmo Oil	4.9m	830	+10
Showa Shell Sek	4.7m	2,050	+150

3:00 pm prices September 3

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1991 High	1991 Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
16¾	9¼	AAR Corp	0.48	0.03	17	83	16⅛	15⅞	15⅞	-⅛
18¼	14½	A L Labs A	0.16	0.01	18	84	16½	16½	16½	
55¾	40⅞	AMP Inc	1.44	0.03	20	479	53⅞	53⅛	53⅜	-⅛
68⅝	44¼	AMR			11	1304	59¾	58½	58⅝	-½
2⅝	1¼	ARX			1	8	1¼	d1¼	1¼	
56	41½	ASA	3.50	0.08	13	715	45¼	43⅞	45	+⅞
55¼	38¼	Abbott Lab	1.00	0.02	22	4515	55	54	54	-½
14⅝	8⅞	Abitibi Pr	0.50	0.03	38	10	14½	14½	14½	
11⅝	10⅜	ACM Gvt In	1.28	0.11		228	11¼	11⅛	11⅛	
9¾	8¾	ACM GvOpp	1.01	0.11		82	9½	9⅜	9½	
9⅛	8⅛	ACM Gvt Sp z	1.01	0.11		293	u9¼	9	9⅛	-⅛
11	9⅞	ACM Gvt Se	1.26	0.12		538	10⅜	10⅜	10⅜	
8⅞	7½	ACM Man	1.01	0.12		95	8½	8⅜	8⅜	
12⅞	11½	ACM Managd	1.37	0.11		143	12¼	12⅛	12¼	
7½	4¾	Acme Cleve	0.40	0.06	17	86	6⅝	6½	6½	-⅛
8	3⅞	Acme Elect			2	14	4⅞	4⅝	4⅝	-¼
40	22¼	Acuson			22	1150	32⅜	32	32⅛	
19	14¼	Adams Expr	0.73	0.04	0	78	18⅞	18⅝	18⅞	+⅛
20⅛	17½	Adobe12Pf	2.40	0.13		68	18	17⅞	18	+¼
9¼	6⅝	Adobe Res			49	23	7⅜	7¼	7⅜	
38⅜	18	Ad Micro				158	37	36¾	36¾	
14¼	4⅝	Ad Micro P	3.00	0.25	19	6546	12⅜	12⅛	12⅛	-¼
5⅛	2¼	Advest Grp	0.16	0.04	5	71	3⅝	3½	3½	-⅛
49⅛	33⅞	Aetna Lf	2.76	0.08	7	2391	35⅝	34⅞	35¼	-½
10⅝	6⅞	Afill A	0.24	0.03	49	223	8⅞	8⅜	8⅞	
20⅞	12	Ahmanson	0.88	0.05	11	1179	18½	17⅞	17⅞	-⅝
13¼	2⅞	Aileen Inc			18	375	12½	12⅛	12⅜	-⅜
74⅛	51⅜	Air Pr Chm	1.56	0.02	14	812	68⅞	67½	67⅞	-⅞
30	16⅝	Airbne Frt	0.30	0.01	18	655	28⅜	27⅞	28	-⅛
18⅞	12½	Airgas Inc			98	74	17⅞	17¾	17¾	-¼
15¼	10	Airlease	2.06	0.17	8	30	12	11⅞	12	-⅛
98½	88¼	AlaPw8.16 x	8.16	0.08		2	95	95	95	+1
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

- A - (cont.) - B - - C - - D - - E - - F - - G - - H - - I - - J - - K - - L - - M - - N - - O - - P - Q - - R -

[illegible]

Continued on next page

NYSE COMPOSITE PRICES

Continued from previous page

- X - Y - Z -

1991 High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close	Chng
60¼	35¼	Xerox x	3.00	0.05	10	724	59	58¼	58¾	+⅛
51½	45⅛	Xerox4.125 x				73	u51½	51½	51½	
21⅛	14⅛	Xtra 1.94				8	21	20⅞	21	
24⅞	14¼	Xtra Corp	0.72	0.03	78	12	23⅝	23¼	23⅝	+⅛
24¼	21⅛	Yankee Egy x	1.60	0.07	11	33	23⅞	23½	23⅝	−⅛
1½	⅝	Zapata			3	204	1½	1	1	−⅛
9⅝	5½	ZenithElec			1	240	6¼	6	6	−⅛
18½	12	Zenith Nat	1.00	0.06	59	33	17¼	17	17	−⅛
6¼	4½	Zenix Inc	0.84	0.14		107	6	5⅞	5⅞	−⅛
15⅛	10⅞	Zero Corp	0.40	0.03	17	35	14⅝	14¼	14¼	
41½	29½	Zurn Ind	0.88	0.02	15	376	36¼	36	36⅛	−⅛
13½	10¼	Zweig Fund	1.12	0.09		435	12⅛	12⅛	12¼	+⅛
10⅞	8½	Zweig Total	0.96	0.08		570	u10⅞	10	10⅛	+⅛

Price data supplied by Telekurs.

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration.

a-dividend also xtra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

3:00 pm prices September 3

NASDAQ NATIONAL MARKET

3:00 pm prices September 3

- X - Y - Z -

Stock	Div.	P/E	Sls 100s	High	Low	Last	Chng
Xilinx		38	2286	30¾	30¼	30½	+¼
XL Data		35	758	12⅛	11⅝	11⅝	−⅝
Xoma Corp		1237427		24¾	19¾	22	−1
Yellow Fr	0.94	18	885	31⅝	30¼	30½	−½
York Rsch		56	2061	6⅞	6⅛	6¾	+⅛
ZionsUtah	1.44	10	13	49¾	48⅝	48¾	−⅛

AMERICA

Dow fluctuates on further evidence of firm economy

Wall Street

SHARE PRICES fluctuated on either side of opening values yesterday morning as the market digested the implications of more good news about the economy, *writes Patrick Harverson in New York.*

By 1 pm the Dow Jones Industrial Average was up 1.35 at 3,044.95, while the more broadly based Standard & Poor's eased 0.43 to 395.00. The Nasdaq composite index of over-the-counter stocks was down 2.97 at 522.71 by early afternoon, and NYSE turnover was a modest 92m shares.

The Dow gained almost 15 points in the first half hour of trading, after the National *Association of Purchasing* Managers reported that its index of manufacturing trends rose from 51.8 per cent in July to 54.8 per cent last month. It was the seventh consecutive monthly rise, and the third month running that the index has been over 50 per cent – an indication that the manufacturing economy is expanding, rather than contracting.

Investors were able to take a *positive or a negative view of* the data. On the plus side it showed that the US economy is pulling out of its recession, but on the minus side the strength in manufacturing could persuade the Federal Reserve that interest rates do not need to be cut to stimulate economic activity.

The latter argument took hold later in the morning session, sending prices lower. However, there is still hope that, if this Friday's August employment report shows weak labour market condi*tions, the Fed will decide to* ease monetary policy.

Among individual stocks, Aetna slipped $⅝ to $35⅛ on forecasts that claims from Hurricane Bob, which hit the US eastern seaboard a fortnight ago, would reduce the insurance company's third-quarter profits by about $27m, or 25 cents a share.

Koger Equity dropped $⅝ to $5⅛ after the trust was forced *to cut its dividend from* 32½ cents a share to just 12 cents a share because of financial difficulties at Koger Properties.

Compaq Computer jumped $1⅛ to $36¼ on turnover of 500,000 shares after Mr David Korus, an analyst at Kidder Peabody, raised his rating on the company from "underperform" to "buy", citing his approval of measures that Compaq had taken to improve *its performance* in the highly competitive personal computer market.

Browning-Ferris fell $3⅞ to $22 on volume of 1.5m shares as Wall Street analysts cut their earnings estimates following a profits warning from the company. It said that income from continuing operations for the fiscal fourth quarter ending this month would be about 15 per cent to 25 per cent lower than in the third quarter.

On the over-the-counter market, profit-taking dropped Intel $1¼ *to $48⅜, Microsoft* $2¼ to $82¾, and Amgen $1¾ to $158. Collagen shed $1¼ to $19¼ on the news that the Food and Drug Administration is considering asking the company to change the labelling on some of its products.

Canada

TORONTO took profits following the US economic figures, and the *composite index* fell 8.6 to 3,509.3. Declining issues led advances by 205 to 154 on volume of 8.2m shares valued at C$99.9m.

Among active shares, Bank of Nova Scotia rose C$¼ to C$19⅝, Rogers Communications eased C$⅛ to C$10½, and Toronto-Dominion slipped C$⅛ to C$18.

Laidlaw class B fell C$⅛ to C$12⅜ after a Prudential Securities analyst said that he had cut his rating for a waste management competitor. Oshawa Group class A shares eased C$1¼ to a 52-week low of C$27 on last Friday's fall in second-quarter earnings.

Cobepa seeks a higher stock market profile

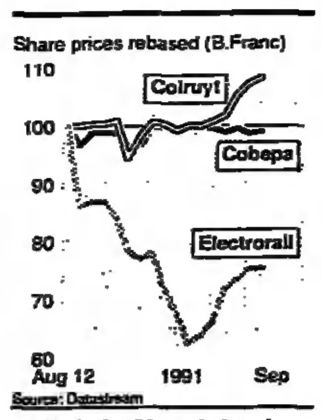
Lack of public knowledge has hampered the 'merchant investor', says **Andrew Hill**

THE BRUSSELS stock market is not the most comfortable place to be at the moment. But the locals still have confidence in the exchange, in spite of the much-publicised financial difficulties of its clients – the small stockbrokers – and of the bourse authorities themselves.

Cobepa, short for Compagnie Belge de Participations Paribas, is Belgium's largest holding company after the better-known Société Générale de Belgique and Groupe Bruxelles Lambert. Within the last fortnight it has made public a desire to improve the liquidity of its shares on the Belgian market, 66.7 per cent of which are owned by Groupe Paribas, of France, with much of the balance held by cautious Belgian institutions.

This year, Cobepa shares *have risen only 6 per cent,* reaching BFr4,980 yesterday, compared with a gain of 13 per cent in the local-currency FT-Actuaries Belgium Index.

In spite of being one of Belgium's largest quoted companies, with a market capitalisation of BFr42.4bn ($1.2bn), Cobepa is frustrated by the public lack of knowledge about the group. This is not a new problem. But the stickiness of Cobepa's shares has also highlighted the fact that they are trading at a widening discount *to the group's net asset value.*



Cobepa likes to describe itself as the 20th century equivalent of a 19th century merchant banker/investor, providing financial advice but also owning a wide portfolio of minority holdings in its own right. That partly explains why it is still comparatively faceless. Unlike its larger counterparts, such as Société Générale, Cobepa does not take a strong operational hand in running the industrial strategy of groups in which it has a stake. And because it insists on a friendly relationship with its associate companies, it rarely makes the headlines.

Mr Christophe Evers, who is in charge of Cobepa's Treasury and market operations, says that *improving the ability of* investors to trade Cobepa stock would provide a service to existing shareholders, and encourage contacts with other international companies.

Mr Evers, who is responsible for the group's short-term share portfolio, stresses that Cobepa neither wants nor needs to raise new funds immediately. That reflects the company's attitude to its own *investments on* the Belgian exchange: "Basically we are cautious at the moment. We are investing, but not that enthusiastic about investing on a large scale and that is true of the trading portfolio and the longer term shareholdings."

Such caution is understandable given the present climate of the Brussels exchange. When not becalmed, Belgian company shares risk being rocked by squalls of short-term speculation. For example, Electrorail, a small Belgian holding company, set the rumour mills spinning three weeks ago when it revealed that Tonton Tapis – "Uncle Carpet" – a Belgian chain of carpet retailers in which the holding company has a 40 per cent stake, was *having severe* financial difficulties with its French stores.

Released from temporary suspension by the bourse authorities, Electrorail stock has become a prey for speculators. The shares slipped nearly 20 per cent in five days, and the company was forced to produce a statement pointing out that the problems at Tonton Tapis were the sole reason for the share suspension. Last week, the shares jumped 8.5 per cent, closing yesterday at BFr284. "It was a story of one-way sellers and no buyers," explains one analyst. "And then last week we saw some really speculative buyers."

Shares in Colruyt *also* attracted attention last week, rising more than 6 per cent *after institutions decided to* sell some large stakes in the Belgian retail group, exciting buyers' interest. The shares have now increased by more than 40 per cent since the beginning of the year, standing yesterday at *BFr3,900*, and some brokers still believe they are undervalued.

"People are investing for fundamental reasons: they are going to get good results [from Colruyt]. On top of that, there is always the speculative possibility that at some stage part of the family holding might be sold," says Mr Evers.

He retains his confidence in Brussels, in spite of its recent overall *sluggishness.* "It has a bit of catching up to do in relation to the other markets. It is still true that in ratio terms the Belgian market is cheaper than its neighbours." Yesterday the Bel20 index rose 7.89 to 1,139.95.

If Cobepa does eventually expand its shareholder base, it will at least give analysts something to talk about. As one Brussels broker puts it: "There is never really a story around Cobepa. It's been a little bit boring in recent years."

EUROPE

Paris nears 1991 peak in moderate turnover

BOURSES REMAINED quiet yesterday, with marketmakers accounting for much of the trading volume, *writes Our Markets Staff.*

PARIS closed near its 1991 high in moderate trading, but *there was little excitement in* the market. The CAC 40 index added 9.66 to 1,873.18, compared with a year's high of 1,874.81 set on June 11. Turnover grew to about FFr1.95bn from FFr1.15bn.

State-owned companies continued to attract interest, on hopes that the government would attach voting rights to investment certificates. One dealer said that the rally in the certificates was now probably over, adding that it was unlikely that the state would cede control of more than 25 per cent of any company.

Certificates in BNP, which is *said to be on the point of tak*ing a cross shareholding in Dresdner Bank of Germany, gained FFr16, or 5.5 per cent, to FFr307 with 161,225 exchanged. Pechiney also added FFr16, or 5 per cent, to FFr339 with 132,400 changing hands.

However, Rhône-Poulenc's certificates fell FFr5.80 to FFr411.20 after the chemical and drug company announced second-quarter results at the low end of expectations.

Elsewhere, Peugeot fell FFr11 to FFr623 on the news that its car sales had fallen 23.8 per cent in August from the same month last year.

Sanofi, the *pharmaceuticals* company, was steady at FFr948 before reporting first-half figures better than most expectations after the market closed.

FRANKFURT saw movement in a few second liners as the bulk of equities drifted in thin volume. German market turnover recovered to DM3bn from DM2.7bn, as the FAZ index eased 0.64 to 687.30 at midsession and the DAX closed 5.18 higher at 1,655.64.

Continental, seen as a speculative buy by James Capel, the stockbrokers, after Friday's interim report, rose DM5 to DM220 after a gain of DM33.30 on Friday. A financial adviser to Pirelli Spa, the Italian company involved in an extended courtship of the German tyremaker, *said on Monday that* Pirelli had not been buying Conti's shares.

Siemens Nixdorf (SNI), the computer arm of the electricals giant, rose DM7.50 to DM245.50. On Monday, SNI said that it had won a DM130m order to equip 1,400 savings banks in eastern Germany with electronic banking systems.

MILAN edged higher in subdued trade. The Comit index rose 2.52 to *555.48. Mr* Roberto Morelli of County NatWest estimated that turnover might have risen from L45bn to L70bn, but that L20bn to L25bn of this reflected stocks sold in *the liquidation of* two failed stockbrokers caught in the latest share scandal.

FT-SE Eurotrack 100 - Sep 3							
Hourly changes							
Open	10 am	11 am	Noon	1 pm	2 pm	3 pm	Close
1128.27	1128.43	1128.64	1128.53	1128.43	1127.93	1129.38	1128.91
Day's High 1129.60				Day's Low 1127.77			

Sep 2	Aug 30	Aug 29	Aug 28	Aug 27
1126.81	1125.84	1124.82	1121.03	1118.91

Base value 1000 (26/10/90).

Meanwhile, telecoms recovered. County noted that SIP rights not taken up in the recent issue, estimated at 12.5 per cent of the total, had been sold in the Turin bourse for a nominal one-hundredth of a lira. With the potential overhang removed, *Stet* rose L30 to L1,958.

COPENHAGEN edged lower overall, but telecoms stocks moved sharply higher. There was speculation that the price at which telecoms companies' shares will be converted into Teledanmark shares next year will be higher than previously announced.

JTAS rose DKr70 or 28 per cent to DKr320 and KTAS gained DKr25 or 13.2 per cent to DKr215.

STOCKHOLM eased on profit-taking and pre-election uncertainty. *The Affärsvärlden* General index fell 11.9 or 1.1 per cent to 1,078.5 in turnover of SKr247m, after SKr274m.

Trelleborg restricted B shares fell SKr5 to SKr112. The company has said that Custodia, the investment company in which it holds 25 per cent stake, was in need of an injec*tion of new capital.* The news that the mining and industrial products group has agreed to sell property worth about SKr500m also triggered speculation about a deterioration in second-quarter results.

OSLO declined in moderate trading, with the all-share index down 4.78 at 515.11 in turnover of NKr281m.

ZURICH virtually stood still, the Crédit Suisse index closing a mere 0.1 higher at 535.3. Alusuisse followed suit, steady at SFr1,050 in spite of forecasting a fall of about a third in profits this year. The aluminium and chemical company said that it *expected to pay the same divi*dend for 1991.

AMSTERDAM slipped in quiet trading, after lower-than-expected first-half results from Gist Brocades, the biotechnology company. The stock lost Fl 1.80 to Fl 35.30, as the CBS tendency index fell 0.1 to 91.5.

SOUTH AFRICA

GOLD SHARES remained firm on hopes of a further upward correction in bullion prices. The Johannesburg all-gold index added 26 to 1,120. The industrial index gained 18 to *4,105, as Sasol jumped 80 cents* to R15.10 before its results.

ASIA PACIFIC

Japan ends little changed as rate cut lifts Australia

Tokyo

SHARE PRICES moved in a narrow range yesterday, tracking movements in the futures markets. The Nikkei average finished almost unchanged, as foreign buying continued to absorb arbitrage-related selling, *writes Emiko Terazono in Tokyo.*

The Nikkei closed up 0.79 at 22,469.80 after a high for the day of 22,597.21 and a low of 22,419.00. Turnover again totalled 320m shares. Continued buying by foreign investors supported volume, but traders said domestic institu*tions were reluctant to commit* funds before the September book closing.

Gains led losses by 443 to 359, with 240 issues unchanged. The Topix index of all first section stocks shed 5.55 to 1,744.15, but in London trading the ISE/Nikkei 50 index ended 4.03 firmer at 1,334.89.

Futures prices fell, led by a volatile bond market; the cash market was affected but found support from selective buying.

Sluggish earnings results for the half year to September from the bulk of companies are a growing concern in the market, so yesterday's trading *focused on companies backed* by good earnings forecasts. Osaka Gas, the most active issue of the day, strengthened Y18 to Y564. The company expects a 25 per cent year-on-year rise in pre-tax profits to March 1992.

Jujo Paper climbed Y16 to Y616 on buying by foreigners, who were attracted by the company's stable business conditions and prospects of an early recovery in profits.

General Sekiyu, the oil refiner, moved ahead Y70 to a year's high of Y1,750, backed by expectations of an upward revision in earnings. Other oil issues were also strong, with Nippon Oil advancing Y34 to Y1,010 and Showa Shell Sekiyu *Y130 to Y2,050.*

JVC, the audio maker, lost Y70 to Y1,390 on reports that the company's pre-tax profits are expected to fall 23 per cent for the year to March 1992.

The auto sector fell on the weak business outlook. Nissan Motor slipped Y5 to Y685 on the company's projected 45 per cent fall in pre-tax profits for the current business year. Toyota Motor declined Y40 to Y1,520.

Individual investors chased Meiji Seika, the confectioner. The issue rose Y69 to Y956 on continued popularity after the company's development of a new anti-cancer drug. The antibiotic will be presented to the cancer association next week.

In Osaka, the OSE average put on 276.92 to 24,452.16 on volume of 32.8m shares as individual investors hunted for bargains. Murata Mfg, the ceramic capacitor maker, appreciated Y80 to Y1,880 on forecasting a sharp rise in profits for the current year.

Roundup

AN INTEREST rate cut in Australia boosted the Antipodean markets, but political speculation held back Singapore and *Hong Kong yesterday.*

AUSTRALIA was lifted 1.9 per cent by news of a one-point cut to 9.5 per cent in the central bank's official interest rate. The All Ordinaries index gained 29.7 to 1,568.6. Turnover rose to A$224m from A$98m.

Among the day's winners, BHP moved up 25 cents to A$13.85, News Corp 56 cents to A$10.40 and Coles Myer 20 cents to A$10.95. In the bank*ing sector, NAB* advanced 26 cents to A$7.26, ANZ 16 cents to A$3.94 and Westpac 16 cents to A$4.76.

CRA, the mining group, rose to an early high of A$13.80 but fell back to A$13.60, up 10 cents, on news of a 49 per cent fall in net interim profits.

NEW ZEALAND also rose in response to the Australian rate cut, with stocks listed in both countries leading gains. The NZSE-40 index climbed 19.36 or 1.4 per cent to 1,422.88 in moderate turnover of NZ$16.6m, up from NZ$9m.

Goodman Fielder Wattie, the Australia-based food company, improved 7 cents to NZ$2.54 on volume of 500,000 shares.

SINGAPORE slipped on profit-taking and rumours that the prime minister could resign in the wake of last weekend's general elections. The Straits Times Industrial index lost early gains to close 3.98 down *at 1,425.03. Volume grew to* 60m shares from 29m.

HONG KONG marked time as investors continued to contemplate the UK prime minister's visit to China. The Hang Seng index edged up 1.53 to 4,025.07 as turnover eased from HK$1.09bn to HK$1.04bn.

Citic Pacific, formerly Tylfull Company, was suspended at its own request at Monday's closing price of HK$1.66.

MANILA gained ground on the previous day's news of the Philippines' debt restructuring deal with a group of leading bank creditors. The composite index added 6.73 at 1,022.00 as *turnover picked up to 147m* pesos from 95m.

TAIWAN retreated on profit-taking. The weighted index fell 48.09 to 4,635.59 in moderate turnover of T$26bn (T$28bn).

BOMBAY dropped 1.8 per cent on fears of higher than normal carry-forward charges at the end of the two-week account, which closes tomorrow. The BSE index lost 31.63 to 1,764.36.

JAKARTA moved below the 300 level on the market index, as a leading textile company's downward revision of its profits forecast continued to depress sentiment. The index receded 3.64 to 299.86 in volume of 6.7m shares.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	MONDAY SEPTEMBER 2 1991								FRIDAY AUGUST 30 1991					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1991 High	1991 Low	Year ago (approx)
Australia (69)	146.35	−0.2	128.77	126.46	132.81	124.15	+0.0	5.00	146.66	129.35	126.87	133.33	124.18	151.59	112.74	144.27
Austria (20)	176.10	+0.2	154.95	152.18	159.81	159.91	+0.5	1.77	175.77	155.03	152.06	159.79	159.16	222.37	154.82	221.58
Belgium (47)	128.41	+0.6	112.99	110.85	116.53	113.84	+0.6	5.20	127.59	112.53	110.36	115.98	113.12	151.20	118.04	141.20
Canada (114)	140.20	+0.1	123.36	121.14	127.22	115.83	+0.0	3.27	140.07	123.54	121.16	127.32	115.83	142.27	126.49	133.97
Denmark (37)	251.95	+0.1	221.69	217.72	228.64	230.97	+0.1	1.53	251.67	221.97	217.71	228.78	230.79	270.56	217.74	257.88
Finland (16)	96.03	+0.4	84.49	82.98	87.14	85.56	+0.7	2.82	95.64	84.35	82.73	86.94	84.97	125.15	89.53	121.55
France (109)	136.71	+0.0	120.29	118.12	124.05	127.17	−0.1	3.49	136.73	120.59	118.27	124.28	127.35	152.26	119.11	137.25
Germany (65)	108.90	+0.4	95.82	94.11	98.82	98.82	+0.3	2.28	108.42	95.62	93.80	98.56	98.56	125.35	94.15	121.97
Hong Kong (55)	167.35	+0.6	147.25	144.61	151.88	166.72	+0.6	4.23	166.36	146.73	143.91	151.24	165.74	169.98	119.62	125.45
Ireland (18)	155.87	+1.2	137.14	134.69	141.45	143.36	+1.1	3.49	153.98	135.81	133.20	139.98	141.86	182.46	132.88	150.50
Italy (77)	71.73	−0.1	63.11	61.98	65.09	69.72	−0.3	3.35	71.79	63.31	62.10	65.25	69.91	88.23	64.76	89.66
Japan (474)	126.57	+1.1	111.37	109.37	114.87	109.37	+1.0	0.77	125.14	110.37	108.25	113.77	108.25	146.97	118.23	128.92
Malaysia (68)	209.30	+1.7	184.16	180.85	189.93	224.41	+1.8	2.87	205.77	181.48	177.99	187.05	220.51	247.78	189.18	221.30
Mexico (16)	1206.84	−0.7	1061.87	1042.84	1095.19	4022.49	−0.7	1.35	1214.81	1071.43	1050.87	1104.31	4049.05	1223.71	534.45	521.18
Netherland (31)	138.07	+0.4	121.48	119.31	125.30	123.89	+0.2	4.33	137.47	121.24	118.92	124.97	123.80	145.73	125.70	135.99
New Zealand (14)	45.94	−0.9	40.42	39.70	41.69	42.50	−0.9	7.17	46.36	40.88	40.10	42.14	42.87	54.64	41.18	62.93
Norway (31)	201.08	−0.5	176.92	173.76	182.48	186.34	−0.5	1.51	202.14	178.28	174.86	183.76	187.25	223.24	178.58	262.77
Singapore (38)	195.26	+0.3	171.80	168.72	177.19	154.68	+0.3	2.21	194.76	171.77	168.48	177.04	154.24	208.25	151.63	174.77
South Africa (61)	236.40	+0.5	208.01	204.27	214.53	166.95	−0.2	3.26	235.22	207.46	203.46	213.82	167.21	258.85	173.00	180.20
Spain (53)	151.30	+0.8	133.12	130.74	137.30	124.59	+0.5	4.31	150.12	132.40	129.86	136.46	123.96	171.12	131.51	155.05
Sweden (25)	191.16	−0.4	168.19	165.18	173.47	179.55	−0.3	2.47	191.91	169.26	166.01	174.46	180.12	204.12	146.60	198.08
Switzerland (58)	92.76	−0.2	81.62	80.16	84.19	86.16	+0.1	2.19	92.93	81.96	80.40	84.49	88.03	100.67	82.17	95.97
United Kingdom (240)	180.78	+1.4	159.05	156.18	164.02	159.05	+1.2	4.62	178.19	157.15	154.12	161.96	157.15	187.44	156.27	162.42
USA (527)	160.58	+0.0	141.29	138.76	145.73	160.58	+0.0	3.02	160.58	141.63	138.92	145.98	160.58	161.02	125.95	130.17
Europe (827)	140.31	+0.8	123.46	121.24	127.33	125.93	+0.6	3.79	139.26	122.82	120.47	126.60	125.19	151.52	125.50	139.63
Nordic (109)	186.48	−0.2	164.08	161.14	169.23	166.38	−0.1	1.95	186.79	164.74	161.58	169.80	166.62	200.81	155.55	199.10
Pacific Basin (718)	128.13	+1.1	112.74	110.72	116.28	111.21	+1.0	1.13	126.79	111.83	109.68	115.26	110.14	145.92	117.86	129.29
Euro – Pacific (1545)	133.28	+0.9	117.27	115.16	120.95	117.80	+0.8	2.24	132.06	116.47	114.23	120.04	116.85	147.66	121.29	133.65
North America (641)	159.25	+0.0	140.12	137.62	144.54	157.55	+0.0	3.03	159.24	140.44	137.76	144.78	157.56	159.66	125.91	130.91
Europe Ex. UK (587)	116.53	+0.2	102.53	100.71	105.77	107.00	+0.1	3.14	116.27	102.55	100.60	105.72	106.87	129.80	103.58	124.96
Pacific Ex. Japan (244)	143.60	+0.3	126.35	124.11	130.33	127.68	+0.4	4.34	143.18	126.28	123.88	130.17	127.20	147.60	111.40	132.90
World Ex. US (1736)	135.24	+0.9	119.00	116.87	122.74	119.18	+0.8	2.29	134.08	118.24	115.98	121.87	118.29	148.16	122.32	134.53
World Ex. UK (2023)	139.17	+0.4	122.45	120.26	126.30	129.44	+0.4	2.32	138.56	122.20	119.87	125.97	128.95	145.77	120.06	129.00
World Ex. So. Af. (2202)	142.17	+0.5	125.09	122.86	129.03	131.92	+0.5	2.56	141.40	124.71	122.33	128.55	131.29	148.66	122.92	131.67
World Ex. Japan (1789)	152.72	+0.3	134.38	131.98	138.62	144.85	+0.2	3.36	152.29	134.31	131.75	138.46	144.53	152.83	126.69	134.86
The World Index (2263)	142.78	+0.5	125.62	123.38	129.57	132.21	+0.5	2.57	142.00	125.24	122.84	129.09	131.60	149.01	123.28	131.96

Markets closed September 2: Canada and US. *Latest prices were unavailable for this edition.*